Exhibit E (3 of 3)

When Benefits Are Paid

You are eligible for a payment from the 401(k) savings plan when you

- retire,
- become disabled, or
- leave the corporation for any other reason.

You can leave your vested account balances in the plan, as long as they are greater than $5,000, until you reach age 70. If your vested plan balances are $5,000 or less you must take a distribution. See "How Benefits Are Paid."

In the event of your death, your beneficiary is entitled to a distribution of your 401(k) savings plan account balance.

Retirement

If you retire, you can receive your vested account balance. Remember these points:

- You must visit HR Solutions @ccess online or call HR Solutions @ccess to request a distribution packet.
- You may defer your payment to a later date if your account balance is greater than $5,000, but you must receive payment by the end of the month in which you reach age 70.

Termination

If your employment ends for any reason, you can receive your vested 401(k) savings plan account balance. Remember these points:

- You'll receive a distribution packet soon after your termination date. For more information, you can visit HR Solutions @ccess online or call HR Solutions @ccess.
    - If you are eligible to receive separation pay and elect to receive your separation pay in installments, you cannot request a distribution of your 401(k) savings plan account balance until after the end of your separation pay period.
- You can avoid paying taxes on the taxable portion of your distribution by rolling it into an Individual Retirement Account (IRA) or another tax-favored plan.
- You may defer your payment to a later date, but you must receive payment by the end of the month in which you reach age 70.

Disability

If you become totally disabled and are eligible to receive benefits from the corporation's Long-Term Disability (LTD) Plan, you may request a withdrawal equal to all or any portion (at least $1,000) of your vested plan balance. Although ordinary income taxes apply, the additional 10% penalty tax does not. See *Taxes* for more details.

If you choose to make a withdrawal, remember these points:

- You must request a withdrawal in writing from HR Solutions @ccess, at P.O. Box 420, Little Falls, NJ 07424.
- The minimum withdrawal amount is $1,000 or your total remaining vested account balance, whichever is less.

Death

If you die, your beneficiary can receive your entire account balance. Remember these points:

- Any unvested portion of your account automatically vests 100% in the event of your death while you are an active employee.
- Your beneficiary must call the Human Resources Service Center (the HRSC) toll-free at 1-888-THE-HRSC (1-888-843-4772) to arrange for a distribution packet.

Receiving Payment

The plan values your 401(k) savings plan account daily, which means all plan distributions are based on the value of the investment funds at the close of the market on the day a distribution is processed.

Payments are processed each Wednesday, and the trustee mails checks the following Monday. You can expect to receive your payment generally no later than 10 days after your application is received and processed.

Restrictions on Payments

Your plan benefits cannot be paid to anyone other than you or your beneficiary (unless required by law, as explained below). These amounts cannot, for example, be used as collateral for a loan or payment of debts.

However, the plan will pay benefits according to a valid qualified domestic relations order (QDRO) if properly served on the plan and accepted by the plan administrator. A QDRO is a state court order, decree, or judgment that directs a plan administrator to pay all or a portion of a participant's plan benefits to a former spouse or a dependent. The terms of the plan control all questions of benefit entitlement and calculation. The plan can only honor a QDRO (and make payments) if the QDRO is properly compiled and meets the criteria for QDROs in the state in which it is filed. A QDRO cannot modify the terms of the plan.

The corporation will notify you if it receives a QDRO affecting your benefits. For more information or for a copy of the procedures governing QDROs (provided at no charge), please call the HRSC toll-free at 1-888-THE-HRSC (1-888-843-4772).

How Benefits Are Paid

How your benefit is paid depends partially on your account balance at the time you request a distribution.

Regardless of your account balance, you always have the option to have any portion of your account that is invested in The McGraw-Hill Companies Stock Fund paid to you in the form of The McGraw-Hill Companies stock.

Payments in Stock

If you are eligible to receive a distribution, you always have the option to have any portion of your account that is invested in The McGraw-Hill Companies Stock Fund paid to you in the form of The McGraw-Hill Companies stock.

Balance of $5,000 or Less

If your account balance is $5,000 or less, you cannot leave your money in the plan.

- If your account balance is more than $200, you may choose either a lump-sum distribution or a rollover.
- If your account balance is $200 or less, you will receive a lump-sum distribution.

Balance of More Than $5,000

If your account balance is more than $5,000, you (or your beneficiary) can choose how the benefit is paid. You may choose either a lump-sum distribution or a rollover, or you may divide your payment between the two. One of the advantages of a direct rollover is that no taxes are withheld from your distribution. If you take a lump-sum distribution, the corporation is required to withhold 20% of your taxable distribution balance for taxes. See "Lump-Sum Distributions" and "Rollovers" below for more information.

Another one of your options is to leave your money in the plan until you reach age 70. For more information, see "Leaving Your Money in the Plan" below.

Lump-Sum Distributions

You may receive a lump-sum payment of your account balance. Your balance is valued at the end of the business day in which your application for a distribution is processed.

Rollovers

You may roll over your distribution into an Individual Retirement Account (IRA) or another tax-favored plan, such as another employer's 401(k) plan or profit sharing plan. Rolling over your distribution allows you to continue deferring taxes. (Keep in mind, though, that if you only roll over a portion of your distribution, the amount not rolled over is taxed accordingly.) Generally, you have 60 days to roll your distribution into another tax-favored plan. However, you should check with the plan receiving the rollover for specific details.

If your spouse is receiving a distribution because of your death, your spouse may roll over the distribution to an IRA or to another tax-favored plan. Beneficiaries other than your spouse may not roll over a distribution.

There are two ways you can make a rollover to an IRA or another tax-favored plan:

- With a direct rollover, you provide the corporation's plan with the information on the other plan into which your balance will be rolled over.
- For other rollovers, you receive your distribution from your corporation plan account and handle the rollover yourself. Bear in mind that you must complete the rollover within 60 days of receiving your distribution or the money from your plan account is considered a distribution, rather than a rollover, and is subject to all applicable taxes, which may include penalty taxes.

One of the advantages of a direct rollover is that no taxes are withheld from your distribution. If you do not make a direct rollover, the corporation is required to withhold 20% of your taxable distribution balance for taxes. You can still roll over 100% of the value of your distribution into a tax-favored plan, but because 20% will have been withheld, you need to provide an amount equal to that 20% of your balance when you make your rollover contribution. If you do not supply the remaining 20% when you make your rollover, the 20% that was withheld will be considered a distribution, even if the remaining 80% of your account balance is rolled over within the required 60-day time limit.

Leaving Your Money In the Plan

You may leave your money invested in the plan and defer payment of your account balance to a later date, provided it is no later than age 70. If you leave your money in the plan, you may continue to transfer your account balance among the investment funds available.

Loans and Withdrawals

Although the 401(k) savings plan is intended to provide income for retirement, you may need your money while you are still working.

In granting special tax advantages to programs like the 401(k) savings plan, the government limits how you may withdraw funds.

All the money contributed to the 401(k) savings plan is held in separate accounts, depending on the type of contribution (that is, tax-deferred account, after-tax account, or corporation matching contributions account.) You have three options for accessing the money in your accounts before retirement:

- Withdrawals from your after-tax and rollover accounts
- Hardship withdrawal
- Hardship loans

Keep in mind that when you make a withdrawal or take a loan, you are not earning investment returns on the money you take out of the plan. This could substantially reduce the amount of your retirement savings when you leave the corporation.

To apply for a hardship withdrawal or a hardship loan...

Visit HR Solutions @ccess online or call HR Solutions @ccess.

If you need a loan for tuition...

Keep in mind that you are generally only allowed one loan at a time. If you have continuing tuition payments, the loan feature may not be the best option for you.

After-Tax and Rollover Withdrawals

You may withdraw money from your after-tax and rollover accounts at any time, for any reason, up to two times per calendar year. You can make a withdrawal from your after-tax and rollover accounts through HR Solutions @ccess.

If your withdrawal is taken from money that you contributed after January 1, 1987, part of your withdrawal will come from investment earnings, in which case taxes may apply.

Hardship Withdrawals

In certain circumstances, you may qualify for a withdrawal or a loan from your 401(k) savings plan account because of financial hardship. Requests for hardship withdrawals and hardship loans are subject to review and approval by the plan administrator. Hardship withdrawals or loans may be granted for the following purposes:

- To cover extraordinary medical expenses incurred by you, your spouse, or your dependents—expenses not paid by insurance or any other employer-provided benefit plan.
- To pay costs related to buying your primary residence (but not to pay mortgage payments).
- To make payments necessary to prevent eviction from or foreclosure on your primary residence.
- To make tuition payments (including room and board and related educational expenses) for the next 12 months of post-secondary education for you, your spouse, your children or your dependents.
- To pay expenses incurred due to a natural disaster.
- To pay funeral expenses for a member of your immediate family.

If you have a severe and immediate financial need (a hardship) and you have already exhausted the balance in your after-tax and rollover accounts, you may withdraw all or a portion of your tax-deferred account (excluding investment earnings credited after December 31, 1988). If you have vested matching contributions in your account (other than amounts transferred from the Kenny Group, Inc. Pension Plan) that were contributed before January 1, 2001, those are also available for hardship withdrawals. If you are age 59½ or older, you can make hardship withdrawals from all or a portion of your vested corporation matching contributions, regardless of when they were received, as well as from your own contributions.

Some tax penalties may apply if you take a hardship withdrawal. For more information, see *Taxes*.

You can request a hardship withdrawal if you have a financial hardship and do not have any funds available from other sources, including a loan from the plan. The minimum you may withdraw is $500; the maximum is the amount necessary to satisfy your financial need, provided you are vested in that portion of your account.

Requests for hardship withdrawals are subject to review and approval by the plan administrator. You may request a withdrawal at any time by visiting HR Solutions @ccess online or by calling HR Solutions @ccess.

Impact on Future Contributions

If you are approved for a hardship withdrawal, your contributions to the 401(k) savings plan (tax-deferred, corporation matching, and after-tax) are suspended for six months.

How Money Is Withdrawn from Your Account

If you have both tax-deferred and after-tax accounts, your withdrawals are made in the following order:

1. Your pre-1987 after-tax contributions
2. Your post-1986 after-tax contributions plus part of your investment earnings on those contributions
3. Investment earnings on your pre-1987 after-tax contributions
4. Money rolled over from another plan and earnings on such amounts
5. Your vested corporation matching contributions (to the extent they are eligible to be withdrawn) and your investment earnings on such contributions
6. Your tax-deferred contributions and investment earnings on those contributions (credited before 1989). (You may not withdraw investment earnings credited after December 31, 1988.)

Except for the principal amount of your after-tax contributions, you are responsible for paying applicable taxes on the money you receive. A 10% early distribution tax may apply. See *Taxes* for details.

Hardship Loans

The corporation considers the savings you build through the plan to be critical to your financial security during retirement. When you take a loan from your account, you do not earn investment returns on the money you take out of the plan. Since this could substantially reduce the amount of your retirement savings when you leave the corporation, the corporation allows loans from the plan only in cases of financial hardship.

If you have a severe and immediate financial need (a hardship) and you have already exhausted the balance in your after-tax and rollover accounts, you may be able to take a loan from the plan. Requests for hardship loans are subject to review and approval by the plan administrator.

Money for your loan is taken first from your tax-deferred account and then from your corporation account, on a prorated basis from each of the investment funds in which you have money.

Generally, you may take only one loan at a time, and must fully repay one loan before requesting another. When you repay the loan, you pay yourself back the principal plus the interest. In addition, because you repay the loan, you do not pay current taxes as you would with a withdrawal.

If You Have an Outstanding Loan When You Leave the Corporation

If you have an outstanding loan when you leave the corporation, your hardship loan is treated as a hardship withdrawal and taxed accordingly, unless you repay your loan within 90 days of leaving the corporation.

How Much You Can Borrow

The maximum loan you can request is the amount necessary to meet your severe and immediate financial need, as supported by adequate documentation. The minimum loan you may take is $1,000. The maximum loan you can receive is limited to:

- 50% of your account balance, or
- $50,000 minus the highest outstanding loan balance you may have had in the 12 months prior to requesting a loan.

Because of the limits on how much you can borrow from your account, you may take part of the money you need through a loan and part through a hardship withdrawal.

Applying for a Loan

You can obtain information about a loan, including an application and a repayment schedule, by visiting HR Solutions @ccess online or by calling HR Solutions @ccess. You can request to have a loan application packet sent to your home. You must return your application, along with a signed promissory note for the full amount of the loan. The plan administrator requires a signed promissory note before your loan application can be processed. You will be notified within 10 days whether or not your loan is approved.

Repaying a Loan

If you would like, you can visit HR Solutions @ccess online or call HR Solutions @ccess before taking a loan and use the automated system to try out different repayment options. The interest rate for all loans is the prime interest rate plus 1%. (You can find out the interest rate from HR Solutions @ccess.) You choose the repayment period for your loan—one, two, three, four, or five years. If your loan is for the purchase of your primary home, you can choose a longer repayment period—up to 10 years.

You repay the loan through regular payroll deductions. Your repayment, including interest, goes back into your account, and is reinvested according to your investment choices at the time you repay the loan. In effect, you are paying yourself interest. However, federal tax law does not permit a deduction on your personal income tax for the interest you pay to your 401(k) savings plan account.

You can repay a loan—in full—at any time after it has been outstanding for at least one month.

If you do not repay a loan according to the terms on the promissory note, all the regular taxes imposed on a hardship withdrawal will apply to your loan.

Loans vs. Withdrawals

There are advantages to taking a hardship loan instead of making a hardship withdrawal. They include the following:

- No current taxes apply on the amount of your loan.
- You are not suspended from contributing to the 401(k) savings plan.
- You repay yourself the principal plus the interest, so you increase your account balance by the amount of the interest.

Receiving Your Withdrawal or Loan

If you apply for a loan or withdrawal, your account is valued at the end of the business day in which your application is processed. Payments are processed each Wednesday and the trustee mails checks the following Monday. You can usually expect to receive your payment no later than 10 days after your application is received and processed.

Former EIP Participants

If you were a member of the Employees' Investment Plan of McGraw-Hill Broadcasting Company, Inc. and Its Subsidiaries (EIP), the value of your accounts under that plan was automatically transferred to the Savings Incentive Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (SIP), as of January 1, 2004. The profit sharing portion of EIP was added to your SIP corporation-matching account and the tax-deferred and after-tax portions of EIP were added to your tax-deferred and after-tax SIP accounts, respectively.

If you were a member of EIP before January 1, 2004 and you became a member of SIP on that date, you are always fully vested in the value of your EIP money that was transferred to SIP, including the corporation's contributions, your tax-deferred and after-tax savings, and all investment earnings.

All SIP provisions outlined in this handbook also apply to balances transferred from EIP.

Former SRIP Participants

If you were a member of the Supplemental Retirement Income Plan (SRIP), the value of your accounts under that plan were automatically transferred to SIP on July 1, 1986. The employer contribution portion of SRIP was added to your SIP corporation-matching account and the tax-deferred and after-tax portions of SRIP were added to your tax-deferred and after-tax SIP accounts, respectively.

If you were a member of SRIP before July 1, 1986 and you became a member of SIP on that date, you are always fully vested in the value of your SRIP money that was transferred to SIP, including the corporation's matching contributions, your tax-deferred and after-tax savings, and all investment earnings.

All SIP provisions outlined in this handbook also apply to balances transferred from SRIP.

Profit Sharing Plan

The Employee Retirement Account Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (ERAP) is a profit sharing plan designed to help you save for retirement. Through the plan, the corporation rewards you for your continued service and recognizes your contribution to the corporation's success. The plan helps build retirement income for you on a tax-deferred basis through an investment account to which the corporation contributes. You control how your account is invested by choosing from 10 investment options.

For information on your plan participation...

Visit HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mhghhill.html* or call HR Solutions @ccess at 1-800-358-6593.

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Eligibility and Enrolling

Ineligible Individuals

Even if you meet the eligibility requirements, you cannot participate if you fall into one or more of the groups listed under "Individuals Not Eligible" in *Rules and Regulations*.

You are eligible to begin participating in the profit sharing plan (The Employee Retirement Account Plan, or ERAP), if you

- are at least 21 years old,
- have completed at least one year of continuous service, and
- are an active employee working in the United States or are an active U.S. employee temporarily working abroad.

Enrolling

You do not need to enroll in the profit sharing plan. You automatically become a plan participant as soon as you become eligible to participate.

If you become eligible on the first of the month...

- Then your participation begins on the first of that month.

If you become eligible on any day other than the first of the month...

- Then your participation begins on the first of the month following the month in which you become eligible.

Naming a Beneficiary

You need to name a beneficiary, or beneficiaries, to receive your plan balance if you die.

You may name anyone as your beneficiary. However, if you are married, your spouse is automatically your beneficiary. To name someone other than your spouse, you must have your spouse's notarized consent. If you name a beneficiary and are later married, your new spouse automatically becomes your beneficiary unless you have your spouse's notarized consent to name someone else.

To name a beneficiary, visit HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mgh.html*, or call HR Solutions @ccess at 1-800-358-3603.

Your designation form must be on file with the corporation on the date of your death for the designation to be effective.

If you die without having named a beneficiary, your benefit is automatically paid in the following order:

- To your surviving spouse
- To your surviving children
- To your surviving parents
- To your surviving siblings
- To your estate

Changing Your Beneficiary

You may change your beneficiary at any time by completing and submitting a new form. To change your beneficiary, visit HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mgh.html*, or call HR Solutions @ccess at 1-800-358-3603. If you are married, remember that you need your spouse's notarized consent to name anyone other than your spouse as your beneficiary.

If You Are Rehired

If you participate in the profit sharing plan, leave the corporation, and are later rehired...

- Then you are eligible to resume your participation in the plan immediately.

If you participate in the profit sharing plan but are not vested, leave the corporation, and are later rehired...

- Then the unvested portion of your account that you forfeited at the time of your termination will be restored if you meet one of the following requirements:
  - You are rehired without a break in service.
  - You are rehired with a break in service, but you were away for less than five years.

If you are not eligible to participate in the profit sharing plan, leave the corporation, and are later rehired...

- Then the time that you worked for the corporation before you left is counted as continuous service to help you meet the eligibility requirements for the plan, provided you meet the age and U.S. employment eligibility requirements and your break in service is shorter than the greater of five years or your prior service.

If you do not meet any of these requirements, you must complete one year of continuous service after being rehired before you will be eligible to participate in the plan.

How the Plan Works

The profit sharing plan is designed to help you save for retirement. Through the plan, the corporation rewards you for your continued service and recognizes your contribution to the corporation's success. The plan helps build retirement income for you on a tax-deferred basis through an investment account to which the corporation contributes.

You do not make any contributions to the plan, but you control how your account is invested by choosing from 10 investment options. You choose from the same investment options offered for the 401(k) savings plan, and the investment choices you make apply to the contributions made to both plans. See *Investment Options* for more information.

You Control the Investment

You control how your assets in the plan are invested. The value of your benefits will depend on how the investments you choose perform. Benefits are not guaranteed or insured (in contrast to the way pension plan benefits are insured by the Pension Benefit Guaranty Corporation).

Tools for Managing Your Profit Sharing Plan Account

The profit sharing plan features tools that help you track your savings and get the information you need to make informed investment decisions. The tools include quarterly statements online and automated telephone and online systems.

- Annual statements—Each year you receive a statement that provides:
  - your account balance,
  - details on any transactions since the previous statement,
  - contributions to the plan,
  - your vesting status,
  - investment earnings or losses in your account, and
  - information on how each of the investment funds performed for the year.
- Automated systems—HR Solutions @ccess, an Internet Web site and an interactive telephone system, makes it easy for you to:
  - get your current account balance,

- change your investment choices,
- track the investment funds' performance,
- access computer-generated projections of your account balances, and
- review quarterly statements online.

You can access HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mgh.html.*

You can reach HR Solutions @ccess toll-free at 1-800-358-3603 from any touch-tone telephone. You can call HR Solutions @ccess at any hour, seven days a week. HR Solutions @ccess Account Representatives are available Monday through Friday, between 9:00 a.m. and 5:00 p.m., Eastern Time. The HR Solutions @ccess User Guide, available by calling HR Solutions @ccess, can help you through the steps needed to complete your call.

In both cases, you'll need your Social Security number and Personal Identification Number (PIN). If you don't know your PIN, you can request a PIN reminder through HR Solutions @ccess online or by calling HR Solutions @ccess.

Blackout Periods

Certain employees are restricted in trading company stock, including any transactions in The McGraw-Hill Companies Stock Fund in their 401(k) savings and profit sharing accounts, during certain periods when corporation earnings information is released. This restricted period, called the "blackout period," begins on April 1, July 1, October 1, and January 10 and runs until 24 hours after the release of the corporation's quarterly earnings.

If you are subject to this blackout period, you will be notified. During this period, you can make changes to any of your investment choices except The McGraw-Hill Companies Stock Fund.

Corporation Contributions

The corporation contributes to your retirement income through the profit sharing plan. Each year at year-end, profits permitting, the corporation makes a contribution to the plan. The amount contributed is determined by the Board of Directors and is divided among all participants in the plan. The portion allocated to your account depends on your eligible pay.

Compensation Limits

IRS rules do not permit compensation over the IRS Annual Compensation Limit ($205,000 in the year 2004) to be considered when calculating benefits under the plan. The Annual Compensation Limit may change each year.

If your compensation exceeds the IRS limit, you will be automatically enrolled in the supplemental plan. This plan provides benefits equal to what you would have received under the regular plan, had the limit not been in effect.

You may receive as much as:

- 2.5% of your eligible pay up to the Social Security Taxable Wage Base ($87,900 for 2004), and
- 5% of your eligible pay from the Social Security Taxable Wage Base up to the IRS Annual Compensation Limit ($205,000 for 2004).

You choose how you want the corporation's contribution invested. See *Investment Options* for more information on the investment funds available and how you control the way new contributions and your assets in the plan are invested.

The corporation's contributions—and any investment earnings on them—accumulate tax-free until they are paid to you.

IRS regulations and plan rules limit the amount the corporation can contribute to the profit sharing plan. These limits are subject to change, so check for current amounts through HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2 .benefitsweb.com/mgh.html* or by calling HR Solutions @ccess at 1-800-358-3603.

If You Become Disabled

If you are temporarily disabled, the amount of your benefit from the corporation's Short-Term Disability (STD) Plan is included in the pay on which the corporation's contribution to your profit sharing plan account is based.

If you become totally disabled, the corporation continues to make contributions to your profit sharing plan account as long as you continue to receive long-term disability benefits from the corporation's Long-Term Disability (LTD) Plan. These contributions are based on the same pay used to calculate your LTD benefit, and continue for as long as you receive payments from the LTD plan or until you retire.

You continue to be credited with continuous service for vesting purposes while you are receiving LTD benefits. In addition, you may request a withdrawal (minimum of $1,000) while you are disabled and receiving benefits from the corporation's LTD plan.

If you recover from your disability and return to work...

your participation in the profit sharing plan continues. If you recover and do not return to work, you are treated as a terminated employee under the terms of the plan. For more information, see "When Benefits Are Paid."

Vesting

Being vested means that you own the funds and earnings in your account. You are fully vested in your profit sharing plan account balance:

- if you have completed at least five years of continuous service,
- when you are age 65 or older and are an active employee, regardless of your continuous service, or
- in the event of your death while you are an active employee.

For profit sharing plan vesting purposes, your continuous service is measured from the date of your employment, and includes the year of continuous service required before you become eligible to participate in the plan.

If You Are Rehired

If you are eligible to participate in the profit sharing plan, leave the corporation, and are later rehired...

- Then your vesting status depends on how long you were away from the corporation. You receive vesting credit for your prior service if you meet at least one of the following requirements:
  - You are rehired without a break in service.
  - You are rehired with a break in service, but you were away for fewer than five years.
  - You were vested in your employer contribution account before your break in service.

If you are not eligible to participate in the plan, leave the corporation, and are later rehired...

- Then the time that you worked for the corporation before you left will be counted as continuous service to help you meet the vesting requirements for the plan, provided you meet the age and U.S. employment eligibility requirements and your break in service is shorter than five years.

How Benefits Are Paid

Payments in Stock

If you are eligible to receive a distribution, you always have the option to have any portion of your account that is invested in The McGraw-Hill Companies Stock Fund paid to you in the form of The McGraw-Hill Companies stock.

How your benefit is paid depends partially on your account balance at the time you request a distribution.

Regardless of your account balance, you always have the option to have any portion of your account that is invested in The McGraw-Hill Companies Stock Fund paid to you in the form of The McGraw-Hill Companies stock.

Balance of $5,000 or Less

If your account balance is $5,000 or less, you cannot leave your money in the plan.

- If your account balance is more than $200, you may choose either a lump-sum distribution or a rollover.
- If your account balance is $200 or less, you will receive a lump-sum distribution.

Balance of More Than $5,000

If your account balance is more than $5,000, you (or your beneficiary) can choose how the benefit is paid. You may choose either a lump-sum distribution or a rollover, or you may divide your payment between the two. One of the advantages of a direct rollover is that no taxes are withheld from your distribution. If you take a lump-sum distribution, the corporation is required to withhold 20% of your taxable distribution balance for taxes. See "Lump-Sum Distributions" and "Rollovers" below for more information.

Another one of your options is to leave your money in the plan until you reach age 70. For more information, see "Leaving Your Money in the Plan" below.

Lump-Sum Distributions

You may receive a lump-sum payment of your account balance. Your balance is valued at the end of the business day in which your application for a distribution is processed.

Rollovers

You may roll over your distribution into an Individual Retirement Account (IRA) or another tax-favored plan, such as another employer's 401(k) plan or profit sharing plan. Rolling over your distribution allows you to continue deferring taxes. (Keep in mind, though, that if you only roll over a portion of your distribution, the amount not rolled over is taxed accordingly.) Generally, you have 60 days to roll your distribution into another tax-favored plan. However, you should check with the plan receiving the rollover for specific details.

If your spouse is receiving a distribution because of your death, your spouse may roll over the distribution to an IRA or to another tax-favored plan. Beneficiaries other than your spouse may not roll over a distribution.

There are two ways you can make a rollover to an IRA:

- With a direct rollover, you provide the corporation's plan with the information on the other plan into which your balance will be rolled over.

- For other rollovers, you receive your distribution from your corporation plan account and handle the rollover yourself. Bear in mind that you must complete the rollover within 60 days of receiving your distribution or the money from your plan account is considered a distribution, rather than a rollover, and is subject to all applicable taxes, which may include penalty taxes.

One of the advantages of a direct rollover is that no taxes are withheld from your distribution. If you do not make a direct rollover, the corporation is required to withhold 20% of your taxable distribution balance for taxes. You can still roll over 100% of the value of your distribution into a tax-favored plan, but because 20% will have been withheld, you need to provide an amount equal to that 20% of your balance when you make your rollover contribution. If you do not supply the remaining 20% when you make your rollover, the 20% that was withheld will be considered a distribution, even if the remaining 80% of your account balance is rolled over within the required 60-day time limit.

Leaving Your Money in the Plan

You may leave your money invested in the plan and defer payment of your account balance to a later date, provided it is no later than age 70. If you leave your money in the plan, you may continue to transfer your account balance among the investment funds available.

When Benefits Are Paid

You are eligible to receive your vested account balance from the plan when you

- retire,
- become totally disabled (eligible for LTD benefits), or
- leave the corporation for any other reason.

In the event of your death, your beneficiary is entitled to a distribution of your account balance. See "Naming a Beneficiary" under "Enrolling" for more information.

You cannot access the money in your account prior to any of these events.

Retirement

If you retire, you can receive your vested account balance. Remember these points:

- You are automatically vested in your plan balance at age 65 if you are an active employee.
- You must visit HR Solutions @ccess or call HR Solutions @ccess to request a distribution packet.
- You are entitled to a contribution from the corporation based on your plan earnings in the year you retire. The contribution is paid approximately 60 days following the end of the year in which you retire.
- If you retire early, you may defer payment of your benefit to a later date if your account balance is greater than $5,000, but the benefit must be distributed by the end of the month in which you reach age 70.

Termination

If your employment ends for any reason, you can receive your vested plan account balance. Remember these points:

- You'll receive a distribution packet soon after your termination date. For more information, you can visit HR Solutions @ccess online or call HR Solutions @ccess.

- If you are eligible to receive separation pay and elect to receive your separation pay in installments, you cannot request a distribution of your plan account balance until after the end of your separation pay period.

- You can avoid paying taxes on the taxable portion of your distribution by rolling it into an IRA or another tax-favored plan.
- You may be entitled to a contribution from the corporation based on your plan earnings in the year your employment ends. The contribution is paid approximately 60 days following the end of the year in which your employment ends.
- You may defer your payment to a later date, but the benefit must be distributed when you reach age 70.

Disability

If you become totally disabled and are eligible to receive benefits from the corporation's Long-Term Disability (LTD) Plan, you may request a withdrawal equal to all or any portion of your vested account balance. If you choose to make a withdrawal, remember these points:

- You must visit HR Solutions @ccess or call HR Solutions @ccess to request a withdrawal.
- The minimum withdrawal amount is $1,000 or your total remaining vested account balance, whichever is less.

Death

If you die, your beneficiary can receive your entire vested account balance. Remember these points:

- Any unvested portion of your account automatically vests 100% in the event of your death while you are an active employee.
- Your beneficiary may be entitled to receive a contribution from the corporation based on plan earnings in the year of your death. The contribution is paid approximately 60 days following the end of the year in which you die.

Receiving Payment

The plan values your plan account daily, which means all plan distributions are based on the value of the investment funds at the close of the market on the day a distribution is processed.

Payments are processed each Wednesday, and the trustee mails checks the following Monday. You can expect to receive your payment generally no later than 10 days after your application is received and processed.

Restrictions on Payments

Your plan benefits cannot be paid to anyone other than you or your beneficiary (unless required by law, as explained below). These amounts cannot, for example, be used as collateral for a loan or payment of debts.

However, the plan will pay benefits according to a valid qualified domestic relations order (QDRO) if properly served on the plan and accepted by the plan administrator. A QDRO is a state court order, decree, or judgment that directs a plan administrator to pay all or a portion of a participant's plan benefits to a former spouse or a dependent. The terms of the plan control all questions of benefit entitlement and calculation. The plan can only honor a QDRO (and make payments) if the QDRO is properly compiled and meets the criteria for QDROs in the state in which it is filed. A QDRO cannot modify the terms of the plan.

The corporation will notify you if it receives a QDRO affecting your benefits. For more information or for a copy of the procedures governing QDROs (provided at no charge), please call the HRSC toll-free at 1-888-THE-HRSC (1-888-843-4772).

Former EIP Participants

If you were a member of the Employees' Investment Plan of McGraw-Hill Broadcasting Company, Inc. and Its Subsidiaries (EIP), the value of your accounts under that plan was automatically transferred to the Savings Incentive Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (SIP), as of January 1, 2004. The profit sharing portion of EIP was added to your SIP corporation-matching account and the tax-deferred and after-tax portions of EIP were added to your tax-deferred and after-tax SIP accounts, respectively.

Pension Plan

The corporation's pension plan, the Employee Retirement Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (ERP), can provide you with income during your retirement. Participation is automatic after you meet certain eligibility requirements, and the corporation pays the full cost of the plan.

In This Section **See Page**

Eligibility and Enrolling

You are eligible to begin participating in the Employee Retirement Plan (ERP), the corporation's pension plan, if you

- are at least 21 years old,
- have completed at least one year of continuous service, and
- are an active employee working in the United States or are an active U.S. employee temporarily working abroad.

If you were participating in the Employee Retirement Income Plan of McGraw-Hill Broadcasting Company, Inc. and Its Subsidiaries (ERIP) as of December 31, 2003, you are eligible to participate in ERP on January 1, 2004, as long as you are over the age of 21. Your ERIP benefit will be frozen as of December 31, 2003.

If you were participating in ERIP and you are not yet 21 years old, your ERIP benefit will be frozen as of December 31, 2003, but you are not eligible to begin participating in ERP. When you reach age 21 you will be eligible to participate in ERP, if you meet the other eligibility requirements listed above. Your frozen ERIP benefit will be taken into account along with your ERP benefit in calculating your total retirement benefit. For more information, see "How Your Benefit Is Calculated."

Broadcasting employees who were not yet participating in ERIP on December 31, 2003, must meet the eligibility requirements listed above before they can participate in ERP.

Ineligible Individuals

Even if you meet the eligibility requirements, you cannot participate if you fall into one or more of the groups listed under "Individuals Not Eligible" in *Rules and Regulations*.

Enrolling

You do not need to enroll in the pension plan. You automatically become a plan participant as soon as you become eligible to participate.

If you become eligible on the first of the month...

- Then your participation begins on the first of that month.

If you become eligible on any day other than the first of the month...

- Then your participation begins on the first of the month following the month in which you become eligible.

Naming a Beneficiary

You need to name a beneficiary, or beneficiaries, to receive your pension plan benefit if you die before retiring.

You may name anyone as your beneficiary. However, if you are married, your spouse is automatically your beneficiary. To name someone other than your spouse, you must have your spouse's notarized consent. If you name a beneficiary and are later married, your new spouse automatically becomes your beneficiary unless you have your spouse's notarized consent to name someone else.

To designate a beneficiary, call the Human Resources Service Center (HRSC) toll-free at 1-888-THE-HRSC (1-888-843-4772). Your designation must be on file with the corporation on the date of your death for the designation to be effective.

If you die without having named a beneficiary, your benefit is automatically paid in the following order:

- To your surviving spouse
- To your surviving children

- To your surviving parents
- To your surviving siblings
- To your estate

Changing Your Beneficiary

You may change your beneficiary at any time by completing and submitting a new form. To change your beneficiary, call the HRSC. If you are married, remember that you need your spouse's notarized consent to name anyone other than your spouse as your primary beneficiary.

Naming a Beneficiary Before Age 32

If you designate a beneficiary before January 1 of the year in which you reach age 32, that beneficiary designation will expire on December 31 of the year in which you reach age 35. If you do not submit a new beneficiary designation form and you die after the year in which you reach age 35, death benefits will be paid in the following order:

- To your surviving spouse
- To your surviving children
- To your surviving parents
- To your surviving siblings
- To your estate

Please note that when you submit a new beneficiary designation, you may name the same beneficiary you named before age 32.

If You Are Rehired

If you participate in the pension plan, leave the corporation, and are later rehired...

- Then you are eligible to resume your participation in the plan immediately and your continuous service will include each year of continuous service accrued prior to leaving, if you meet the age and U.S. employment eligibility requirements described under "Eligibility and Enrolling" and you meet any one of the following requirements:
  - You are rehired without a break in service.
  - You are rehired with a break in service, but you were away for less than five years.
  - You were vested before your break in service.

If you are not eligible to participate in the pension plan, leave the corporation, and are later rehired...

- Then the time that you worked for the corporation before you left is counted as continuous service to help you meet the eligibility requirements for the plan, provided you meet the age and U.S. employment eligibility requirements and your break in service is shorter than the greater of five years or your prior service.

If you had at least one year of service before leaving the corporation, you are immediately eligible when you return, provided you meet the other eligibility requirements discussed in the preceding paragraphs.

If you do not meet any of these requirements, you must complete one year of continuous service after being rehired before you will be eligible to participate in the plan.

You do not receive credit for any service before July 1, 1986 if you were eligible to participate in the pension plan before that date but did not choose to participate.

If You Retire and Are Rehired

If you retire and then are rehired to work 40 hours or more a month, your pension payment will be suspended beginning the day you return to work. During the time you are working, you may accrue additional benefits.

Your pension payment will begin to be paid again when you stop working. At that time, your benefits will be paid according to the payment option you selected when you retired, for example, a joint and survivor annuity. See "How Benefits Are Paid" for more information.

How the Plan Works

The Employee Retirement Plan (ERP) can provide you with income during your retirement. Participation is automatic after you meet certain eligibility requirements. The corporation pays the full cost of the plan.

How Your Benefit Is Calculated

Your pension plan benefit is based on your annual eligible pay and the years that you participate in the plan. Each year that you participate, you accrue a benefit that is based on your eligible pay for that year.

The annual benefit accrual formula is currently 1% of your eligible pay. This formula has been in effect since January 1, 1989. Different formulas applied prior to 1989.

McGraw-Hill Broadcasting offered a different plan that was in effect through December 31, 2003. Broadcasting employees who were participating in that pension plan have accrued a benefit according to a different formula, which is frozen as of December 31, 2003. See "Former ERIP Participants," below.

Your annual benefit at retirement is the total of all your annual accrued benefits. This amount is the annual pension benefit payable if you retire at or after normal retirement age, which is age 65.

So, for example, if you began participating in the plan in 1990 and you earned $40,000 in 2002, you would accrue $400 (1% of $40,000) for 2002.

- If you participated in the pension plan after July 1, 1986 and before January 1, 1989, your benefit includes an accrual amount based on the plan formula in effect during that period, unless you were "grandfathered."
- Certain employees who were nearing retirement age in 1986 were notified that they would be "grandfathered" due to the change in the plan formula. The pension accrual formula for these grandfathered participants is 1.4% for each year of service, effective January 1, 1989. For example, if you were eligible for the grandfathered formula and you earned $40,000 in 2002, you would accrue $560 (1.4% of $40,000) in 2002.Employees who were participating in the Broadcasting ERIP on December 31, 2003 and who reach age 50 with 10 years of continuous service by December 31, 2004 will accrue an additional annual benefit accrual of 0.6% of eligible pay from 2004 through 2008, inclusive.

Contributory Plan Benefits

Prior to July 1, 1986, the pension plan required employees to make contributions to participate. If you participated in the plan before that date, your current benefit includes three elements:

- amounts accrued under the plan formula in effect before July 1, 1986;
- amounts accrued under the plan formula in effect between July 1, 1986 and January 1, 1989;
- the contributions that you made to the plan.

You are always 100% vested in any contributions you made to the plan before July 1, 1986, plus interest.

The total of the benefit payments that you (or your beneficiary) will receive will always be at least equal to your contributions, plus interest. See "If You Participated Before July 1, 1986" for more details.

Employees of Acquired Companies

You may also receive monthly payments based on your participation in a plan sponsored by a company acquired by the corporation. If so, you were advised of the amount of that benefit by the prior plan administrator at the time of the acquisition.

Compensation Limits

IRS rules do not permit compensation over the IRS Annual Compensation Limit ($205,000 in the year 2004) to be considered when calculating benefits under the plan. The Annual Compensation Limit may change each year.

If your compensation exceeds the IRS limit, you will be automatically enrolled in the supplemental plan. This plan provides benefits equal to what you would have received under the regular plan, had the limit not been in effect.

A Calculation Example

Ann, who is not married, began participating in the Employee Retirement Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries in 1989 at age 35 and would retire in 2019 at age 65. Assume Ann's eligible pay during the 30-year period is:

- $30,000 for the first five years,
- $35,000 for the next 10 years,
- $45,000 for the next 10 years, and
- $60,000 for the last five years.

At age 65, Ann's monthly retirement payment would be calculated as shown in the following table.

Age	Annual Salary	Percentage of Yearly Earnings	Years	Annual Benefit Multiplied by Years
35–39	$30,000	1% of $30,000 = $300	5	$1,500
40–49	$35,000	1% of $35,000 = $350	10	$3,500
50–59	$45,000	1% of $45,000 = $450	10	$4,500
60–64	$60,000	1% of $60,000 = $600	5	$3,000
		Annual Retirement Payment:		$12,500
		Monthly Retirement Payment:		$1,042

Note: This example is for illustrative purposes only. To simplify this example, the same eligible pay is used for each time interval throughout the 30-year period and the benefits are rounded to the nearest dollar. Usually an employee would not have the same salary for five years.

The payment described in this example is just one part of your total retirement income. You may also receive benefits from Social Security, the 401(k) savings plan, and the profit sharing plan.

The benefit in this calculation is the retirement payment a single person would receive under the Single Life Annuity form. If you choose another form of payment, such as Joint and Survivor Annuity, your monthly pension payment would be less. See "How Benefits Are Paid" for more details.

Former ERIP Participants

If you were a Broadcasting employee and you participated in the Employee Retirement Income Plan (ERIP) on December 31, 2003, your benefit in ERIP is frozen as of that date.

Your ERIP benefit was based on your annual eligible pay and the years that you participated in the plan. Each year that you participated in the plan, you earned a benefit equal to 2% of your eligible pay. Your benefit consisted of two parts:

- A fixed benefit of 1% of your eligible pay, and
- Variable benefit units, equal to 1% of your eligible pay—shares in the market value of the pension fund, which are invested in an equity fund (primarily common stock).

When you retire, you will receive, in monthly payments, the sum of both parts of your ERIP benefit that you have earned through December 31, 2003, plus any benefits accrued under the Employee Retirement Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries since January , 2004, under the formula's described above.

The value of variable benefit units from ERIP may change each January 1 to reflect the current market value of the units, either as an increase or as a decrease. As a retiree, adjustments will be based on the changes in variable benefit units. You'll be informed of any changes that affect you.

After 2003, Broadcasting employees will accrue the same benefit as other participants, except that those who were in the Broadcasting ERIP on December 31, 2003 and who had reached age 50 with 10 years of continuous service by December 31. 2004 will accrue an additional .6% of eligible pay for 2004 through 2008, inclusive.

Vesting

Being vested means that you own the benefits you have accrued through the pension plan. You are fully vested in your pension plan benefits

- when you have completed at least five years of continuous service, or
- when you are age 65 or older and are an active employee, regardless of your continuous service.

If you are a Broadcasting employee, for purposes of vesting under the retirement program, your service with McGraw-Hill Broadcasting is considered continuous service with The McGraw-Hill Companies.

If you made contributions to the plan prior to July 1, 1986, you are always fully vested in those contributions (plus interest).

For pension plan vesting purposes, your continuous service is measured from the date of your employment, and includes the year of continuous service required before you become eligible to participate in the plan.

If You Are Rehired

If you are eligible to participate in the plan, leave the corporation, and are later rehired...

- Then your vesting status depends on how long you were away from the corporation. You receive vesting credit for your prior service if you meet at least one of the following requirements:
  - You are rehired without a break in service.
  - You are rehired with a break in service, but you were away for fewer than five years.
  - You were 100% vested before your break in service.

If you are not eligible to participate in the plan, leave the corporation, and are later rehired...

- Then the time that you worked for the corporation before you left will be counted as continuous service to help you meet the vesting requirements for the plan, provided you meet the age and U.S. employment eligibility requirements and your break in service is shorter than the greater of five years or your prior service.

You do not receive credit for any service before July 1, 1986 if you were eligible to participate in the pension plan before that date but did not participate.

How Benefits Are Paid

When you're getting ready to retire, you'll need to decide how you want your pension plan benefits to be paid to you. To make sure your benefits payments begin promptly, you should notify the HRSC 90 days before you plan to retire. After you call, you'll receive information on how to choose a form of payment. If you do not give adequate notice, the start of your pension benefit payments may be delayed.

Your payment options are as follows:

- Single Life Annuity
- Joint and Survivor Annuity
- Term Certain and Life Annuity

You can elect a Social Security Adjustment Option with any of the above options.

If the value of your benefit is $5,000 or less...

Then you cannot leave your money in the plan. You will automatically receive the vested value of your benefit in the following manner when you leave the corporation for any reason other than death.

- If your vested benefit is more than $200, you may choose either a lump-sum distribution or a direct rollover.
- If your vested benefit is $200 or less, you will receive a lump-sum distribution.

If you receive your benefit in a lump sum, you can roll it over into another tax-favored retirement plan or to an Individual Retirement Account (IRA).

Rolling Over Your Payment

Monthly pension benefit payments are not eligible for rollover to another tax-favored retirement plan or Individual Retirement Account (IRA). You can, however, rollover any lump-sum payments you receive.

If you are married when you retire...

- Then your pension plan benefits are paid to you in the form of a Joint and Survivor Annuity. You'll need your spouse's notarized consent to choose any other form of payment, unless you choose a Joint and Survivor Annuity option with at least 50% of your pension continuing to be paid to your spouse after your death.

If you are not married when you retire...

- Then your pension plan benefits are paid to you in the form of a Single Life Annuity unless you choose another form of payment.

Single Life Annuity

This payment form provides the highest monthly income, but payments stop when you die. If you participated in the plan before July 1, 1986, your beneficiary may be eligible to receive a death benefit. See "If You Participated Before July 1, 1986" for more information.

If you're single and choose a payment form other than the Single Life Annuity...

The amount of your monthly pension plan payment is reduced if you choose the Joint and Survivor Annuity option, because your retirement benefit is paid over the lifetimes of two people—you and your joint annuitant—rather than one.

If you choose the Term Certain and Life Annuity option, your monthly payment is reduced to cover the cost of guaranteeing that your beneficiary will receive benefit payments for the remainder of the time period you choose.

Joint and Survivor Annuity

If you choose to have your pension benefits paid in the form of a Joint and Survivor Annuity, you will have to name a person to receive benefits after your death. This person is called a joint annuitant.

If you are married and want to choose someone other than your spouse to be your joint annuitant, you must have your spouse's notarized consent.

With this payment form, the monthly benefit you would receive under the Single Life Annuity option is reduced to provide a continuing benefit (50%, 75%, or 100%) during your joint annuitant's remaining lifetime. The amount of the reduction in the monthly benefit is calculated based on actuarial assumptions regarding the plan's interest rates and mortality rates. If you are married, a Joint and Survivor Annuity (with at least 50% but not more than 100% continuing to be paid to your spouse) is the normal form of pension plan payment.

If your joint annuitant dies before you begin receiving benefits, your benefits are automatically paid under the Single Life Annuity option unless you designate a new joint annuitant, remarry, or choose another payment option. If your joint annuitant dies before you die but after you begin receiving benefits, you continue to receive the Joint and Survivor monthly benefit for as long as you live.

If you are married...

Your benefit is automatically paid in the form of a 50% Joint and Survivor Annuity unless you choose another joint and survivor percentage.

If you are retired and die while you are receiving pension plan benefits, and your joint annuitant is not living, your beneficiary may receive a lump-sum payment of any contributions you made to the plan before July 1, 1986, plus interest, less any payments made to you before your death, up to the effective date of your retirement. No interest is earned on these contributions once pension payments begin.

Other Options Under the Joint and Survivor Annuity

Under the Joint and Survivor Annuity option, you have choices:

- You may select a percentage equal to 50%, 75%, or 100%.
- You may name a person other than your spouse as your joint annuitant—the person to receive benefits after your death.

Your monthly pension benefit will be reduced as described above, based on the percentage you choose and the age (when you retire) of your joint annuitant.

If you are married, you need your spouse's notarized consent to select a percentage lower than 50% or to name another person to be your joint annuitant. You do not need your spouse's consent to choose a percentage of 50% or more if your spouse is the joint annuitant. If your joint annuitant is not your spouse, there may be limits on the percentage you may select for this option. To find out if limits apply, call the HRSC.

Once your pension benefits begin to be paid, your joint annuitant can no longer be changed. For example, say that your spouse is your joint annuitant and you retire and begin to receive pension benefits. If you and your spouse then get divorced, your former spouse will still be your joint annuitant—you cannot name someone else, even your new spouse if you remarry.

If you choose a Joint and Survivor Annuity (of any percentage), you need to provide proof of the date of birth, such as a birth certificate, for your joint annuitant.

Term Certain and Life Annuity

With this form of payment, you choose either a 5 or 10-year term that begins when your benefit payments start. Regardless of which you choose, you receive a monthly benefit for your lifetime. The benefit your beneficiary receives after your death depends on when you die.

If you die during the time period you choose...

- Then your beneficiary is guaranteed to receive a monthly benefit for the remainder of that time period. For instance, if you choose a five-year term and you die after receiving benefits for three years, your beneficiary will continue to receive a monthly benefit for the remaining two years.

If you die after the time period you choose...

- Then no payments are made to your beneficiary.

If your beneficiary dies after you die but before the time period is over...

- Then any remaining value is paid in a lump sum to your beneficiary's estate.

If your beneficiary dies after your benefit payments begin, but before you die...

- Then you have 90 days from your beneficiary's death to name a new beneficiary. If you do not name a new beneficiary before you die, your beneficiary will be determined as if you had never named a beneficiary. See "Naming a Beneficiary" under "Enrolling" for more information.

Your monthly benefit under this option is somewhat lower than the benefit you would receive under the Single Life Annuity option. Your benefit is reduced to cover the cost of guaranteeing that your beneficiary will receive a benefit for the remainder of the time period you choose.

Social Security Adjustment Option

If you retire before you are eligible for monthly Social Security payments (age 62), your plan payments under any of the options described can be adjusted to give you a higher monthly pension benefit until your Social Security benefits begin, and a lower amount after you begin to receive Social Security. In this way, after retirement, you will receive approximately the same amount of total monthly income before and after you begin receiving Social Security benefits.

Restrictions on Payments

Your plan benefits cannot be paid to anyone other than you or your beneficiary (unless required by law, as explained below). These amounts cannot, for example, be used as collateral for a loan or payment of debts.

However, the plan will pay benefits according to a valid qualified domestic relations order (QDRO) if properly served on the plan and accepted by the plan administrator. A QDRO is a state court order, decree, or judgment that directs a plan administrator to pay all or a portion of a participant's plan benefits to a former spouse or a dependent. The terms of the plan control all questions of benefit entitlement and calculation. The plan can only honor a QDRO (and make payments) if the QDRO is properly compiled and meets the criteria for QDROs in the state in which it is filed. A QDRO cannot modify the terms of the plan.

The corporation will notify you if it receives a QDRO affecting your benefits. For more information or for a copy of the procedures governing QDROs (provided at no charge), please call the HRSC toll-free at 1-888-THE-HRSC (1-888-843-4772).

Maximum Benefits

Government regulations require that the pension plan have certain maximum benefit limitations. If these limits apply to you, you will be notified.

The Pension Benefit Guaranty Corporation

Your pension benefits under the pension plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers

- normal and early retirement benefits,
- disability benefits if you become disabled before the plan terminates, and
- certain benefits for your survivors.

The PBGC guarantee generally does not cover

- benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates,
- some or all benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time the plan terminates,
- benefits that are not vested because you have not worked long enough for the corporation,
- benefits for which you have not met all of the requirements at the time the plan terminates,
- certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age, and
- non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, DC 20005-4026 or call 1-202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's Web site on the Internet at *www.pbgc.gov*.

When You Can Retire

If you retire before you are eligible for Social Security...

you can adjust your payments from the pension plan so that the total amount of your monthly income during retirement is approximately the same before and after you begin receiving Social Security benefits. See "Social Security Adjustment Option" for details.

Your normal retirement date is the last day of the month in which you reach age 65. If you retire on your normal retirement date, benefit payments begin the first of the month following your 65th birthday.

Early Retirement

You may retire as early as age 55, if you have at least 10 years of continuous service. If you retire early, you can begin receiving pension plan payments on the first day of any month following your termination but not later than your normal retirement date, age 65.

If you begin receiving payments between the ages of 55 and 62, the monthly retirement benefit you accrued up to your early retirement date is reduced to reflect the longer period of time you may be receiving benefits. Your benefit is reduced by 4% for each year ($\frac{1}{3}$ of 1% for each month) that benefits are paid before you reach age 62. For example, if you begin receiving pension plan benefits at age 57, your retirement benefit is reduced by 20% (4% × 5 years).

Former ERIP Participants

If you were a Broadcasting employee and participated in ERIP as of December 31, 2003, you may retire early regardless of your age, if you have at least 10 years of continuous service. If you are vested and retire early, you can begin receiving ERIP payments on the first day of any month following your retirement but not later than your normal retirement date, age 65. However, you may not begin receiving the portion of your pension benefit that you earned under ERP unless you have reached age 55 and have at least 10 years of continuous service.

Your ERIP benefit earned through 2003 will be actuarily reduced from age 65, based on the assumptions in ERIP. The portion of your pension benefit that you earn under ERP will be subject to the reductions described above.

Working Beyond Age 65

If you work beyond age 65, you continue to accrue a pension benefit for continued plan participation. In addition, if you work beyond April 1 of the calendar year following the calendar year in which you reach age 70½, your pension will be actuarially adjusted.

How to Retire

Update Your Home Address

Because the forms you'll need to make your pension plan payment choice (and many other important benefits materials) are sent to your home address, it is important to update corporation records if you move.

When you're ready to retire, you must do these things:

- Notify the HRSC at least 90 days before the date you plan to retire.
- Choose how you want your benefits paid to you.
- If you choose the Joint and Survivor Annuity option, name a joint annuitant to receive benefits if you die.
- If you choose the Term and Certain Life Annuity option, name a beneficiary, or beneficiaries, to receive benefits if you die.

Requesting Your Benefits

Because retirement is such an important milestone, be sure you take enough time to plan carefully.

When you retire you are eligible to begin receiving benefits from your 401(k) savings, profit sharing and pension plans.

Notify the HRSC 90 days before the date you plan to retire. You will receive a retirement packet, including an Application for Retirement, a beneficiary designation form and instructions. To begin processing your retirement, you must complete and return your Application for Retirement during the 90-day period. If you do not return the application promptly, the start of your pension plan payments may be delayed.

You can expect to receive your first pension plan payment within 30 days from the date your completed Application for Retirement is received and processed by the HRSC, but not before you terminate employment with the corporation.

Naming a Joint Annuitant or Beneficiary

When you're ready to retire, you need to name a survivor—your joint annuitant if you choose to receive payments under the Joint and Survivor Annuity option or your beneficiary under the Term Certain and Life Annuity option—to receive your plan benefit if you die. You'll receive a designation form after you notify the HRSC of your retirement. See "Naming a Beneficiary" under "Enrolling" for more details.

If you are married...

Your spouse is automatically your beneficiary and joint annuitant. To name someone other than your spouse, you must have your spouse's notarized consent.

What Happens When...

Certain life events may cause you to leave the corporation before you are ready to retire. If you leave after you are vested, you (or your surviving spouse) will be eligible to receive benefits from the pension plan at retirement. If you leave because you become disabled or transfer to a participating subsidiary of the corporation, you will continue accruing pension plan benefits while you are away.

If Your Employment Ends

Your eligibility to receive pension plan benefits after your employment ends depends on whether you are vested (have completed five years of continuous service) when you leave.

If you participated in the plan before July 1, 1986...

You may have another option. See "If You Participated Before July 1, 1986" for details.

If You Qualify for Early Retirement

You are generally eligible for early retirement if you are age 55 or older and have at least 10 years of continuous service when your employment ends. See "Early Retirement" under "When You Can Retire" for more information.

If You Are Vested

If you are vested in the pension plan but do not qualify for early retirement when your employment ends, you have the following options:

- You may receive monthly pension plan payments at normal retirement age (age 65) based on your total pension plan benefit.

- You may receive a lump-sum payment when your employment ends of any contributions (with interest) that you made to the pension plan before July 1, 1986, and receive the rest of your pension plan benefits in monthly payments beginning at retirement. If you choose this option, remember these things:
  - When you begin receiving monthly pension plan payments at retirement, your benefit is reduced by the value of the lump-sum payment you receive.
  - If you are married, you need your spouse's notarized consent to withdraw the contributions you made to the plan before July 1, 1986.
- You may receive monthly pension plan payments when you reach age 55 or older if you have at least 10 years of continuous service when your employment ends. If you choose this option, remember this:
  - Your monthly payment will be reduced because you begin receiving benefits earlier and may expect to receive them for a greater number of years. The amount your benefit is reduced is calculated based on actuarial interest and mortality rates. The reduction under this benefit is greater than the reduction described in "Early Retirement" under "When You Can Retire."

"No-Fault" Termination

If your employment ends through no fault of your own (such as due to a reduction in force) you may be eligible for early retirement pension plan benefits if you:

- are age 40 or older, and
- have completed five years of continuous service.

If you meet these requirements:

- you may receive monthly pension plan payments at normal retirement age (age 65) based on your total pension plan benefit, or
- you may receive monthly pension plan payments as early as age 55. If you choose this option, remember this:
  - Your retirement benefit is reduced because you begin receiving benefits earlier and may expect to receive them for a greater number of years. The retirement benefit you accrued up to the date your employment ends is reduced by 4% for each year ($\frac{1}{3}$ of 1% for each month) that benefits are paid before you reach age 62. For example, if you begin receiving pension plan benefits at age 57, your retirement benefit is reduced by 20% (4% × 5 years). If you begin receiving pension plan benefits at age 62 or older, your benefit is not reduced.

If You Are Not Vested

If you are not vested when your employment ends, you are not eligible to receive benefits from the pension plan, other than any contributions you made before July 1, 1986, plus interest.

If You Become Disabled

If you become totally disabled, you continue to accrue pension plan benefits and receive credit for continuous service for vesting purposes as long as you continue to receive long-term disability benefits from the corporation's Long-Term Disability (LTD) Plan. If you recover, your ability to continue accruing pension plan benefits depends on whether you return to work.

If you are permanently disabled (you are unable to work due to an illness or injury) and qualify to receive LTD Plan benefits...

- Then you continue to accrue pension plan benefits each year you are receiving LTD benefits. The pension benefit you accrue for a year is based on the same earnings used to calculate your benefit from the corporation's LTD Plan. You continue to accrue pension benefits for as long as you receive LTD benefits or until the date you retire.

If you recover from your disability and return to work...

- Then you continue to accrue pension plan benefits.

If you recover from your disability but do not return to work...

- Then your employment is terminated and you stop accruing annual pension plan benefits. You may retire, if you are eligible. For information on how you can receive your benefit, see "If Your Employment Ends." If you were a Broadcasting employee and participated in ERIP as of December 31, 2003, you will be fully vested in your ERIP benefit earned through 2003 if you become totally disabled.

If You Transfer

Your ability to continue accruing pension plan benefits is determined by whether or not you transfer to a subsidiary that participates in the plan.

If you transfer to a subsidiary that does not participate in the corporation's pension plan (ERP)...

- Then you do not continue to accrue pension plan benefits under ERP during your employment with the subsidiary. You do, however, continue to accrue vesting service under ERP during that employment.

If you transfer to a subsidiary that participates in the corporation's pension plan...

- Then you accrue pension plan benefits and vesting service under ERP during that employment.

If You Die

If you die before pension payments begin, your beneficiary is entitled to a Survivor's Benefit. The Survivor's Benefit is the equivalent of 45% of the benefit that would have been payable if you:

- had retired on an early or normal retirement date on the day before your death, and
- began receiving payments in the form of a Single Life Annuity.

If you are not eligible for normal or early retirement at the time of your death, your Survivor's Benefit will be based on the benefit you would have received if you:

- terminated employment on the day before your death (or, if earlier, on your actual termination date),
- survived to age 55, and
- elected to receive a benefit commencing on the first day of the month coinciding with or following your attainment of age 55.

The actual benefit payable to your beneficiary may be actuarially reduced and paid as a Term Certain and Life Annuity with payments guaranteed for five or ten years.

If your beneficiary is your spouse, your Survivor's Benefit is the greater of the Qualified Pre-Retirement Survivor Annuity or the benefit described above. The Qualified Pre-Retirement Survivor Annuity is equivalent to the 50% Joint and Survivor Annuity.

Your beneficiary may be anyone you choose. However, if it is not your spouse, your spouse must provide notarized consent to the designation of another beneficiary. You are entitled to a Survivor's Benefit even if you are no longer employed by the corporation at the time of your death.

No Survivor's Benefit is paid if you are not vested in your benefit.

If You Participated Before July 1, 1986

Before July 1, 1986, to participate in the pension plan, you had to contribute. If you participated in the plan before that date, your previous participation may affect some aspects of your participation in the current pension plan.

Your Benefit Amount

The corporation established a "transition benefit" for certain employees who were nearing retirement when the plan became noncontributory. If you qualified for this benefit based on your age and service, your benefit was adjusted to reflect the difference between what you would have received had there been no change in the plan and what the revised plan would provide.

All employees who qualified for the transition benefit were notified. If you have any questions about this benefit or your possible eligibility for it, please contact the HRSC.

Leaving Before Retirement

If you participated in the pension plan before July 1, 1986, and you leave the corporation before retirement, your eligibility to receive benefits depends on how long you are with the corporation before your employment ends.

If Your Employment Ends

Your eligibility to receive pension plan benefits after your employment ends depends on whether you qualify for early retirement when your employment ends.

If you qualify for early retirement

You are generally eligible for early retirement if you are age 55 or older and have at least 10 years of continuous service when your employment ends. See "Early Retirement" under "When You Can Retire" for more information.

If you do not qualify for early retirement

You have two options:

- You may receive pension plan payments. See "If Your Employment Ends" for details.
- You may receive a lump-sum payment when your employment ends of any contributions (with interest) that you made to the pension plan before July 1, 1986 and receive the corporation-provided portion of your pension plan benefits in monthly payments beginning at retirement. If you choose this second option, remember these things:
  - When you begin receiving monthly pension plan payments at retirement, your benefit is reduced by the value of the lump-sum payment you receive.
  - If you are married, you need your spouse's notarized consent to withdraw any contributions you made to the plan before July 1, 1986.

If You Die

If you participated in the pension plan before July 1, 1986, you named a beneficiary when you enrolled. If you die before retirement—either while you are still working for the corporation or after your employment has ended—that beneficiary (or your spouse if you have since been married) is always entitled to a benefit that is at least equal to any contributions you made to the plan prior to July 1, 1986, less any payments made to you before you die. See "Naming a Beneficiary" under "Enrolling" for more details.

If you die without having named a beneficiary, your plan benefit is automatically paid in the following order:

- To your surviving spouse
- To your surviving children
- To your surviving parents
- To your surviving siblings
- To your estate

If You Participated Between 1986 and 1988

If you participated in the pension plan after July 1, 1986 and before January 1, 1989, your benefit amount at retirement will include accrued amounts calculated under the plan formula in effect before July 1, 1986 as well as the contributions that you made to the plan. Your benefit amount also includes accruals made under the plan formula in effect between July 1, 1986 and January 1, 1989.

Investment Options

When you participate in the 401(k) savings plan and the profit sharing plan, you have some important decisions to make regarding the assets in the plans:

- You must decide how you would like your account balance invested.
- You must decide if you want your investment directions to apply to:
  - the future contributions to your account, or
  - your existing plan balance.

In This Section **See Page**

The investment decisions you make will apply to **both** your 401(k) savings and profit sharing accounts. When you make your investment choices, the choices you make apply to all contributions to the plans and to both plans simultaneously. This means that your choices apply to:

- both your and the corporation's contributions to your accounts, and
- your account balances in both the 401(k) savings plan and the profit sharing plan. You cannot make separate investment choices for each plan

You decide how the money in your 401(k) and profit sharing accounts is invested, based on your own financial goals and investment strategy. You allocate your money—in increments of whole percentage points—to the available investment funds.

There are several investment education tools provided by the corporation that can help you make informed investment decisions. Some of these tools are included in your enrollment packet and are available on The McGraw-Hill Companies Intranet. For more information, visit HR Solutions @ccess through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mgh.html*, or call HR Solutions @ccess at 1-800-358-3603.

Risk

All investment funds offered through the 401(k) and profit sharing plans have some degree of risk. As you make your investment choices, remember that past performance is no guarantee of future results; there is always a chance that you may lose part or even all of your investment. The corporation and its representatives do not guarantee the performance of the funds and will not make up any losses or share in any gains. You are responsible for all of your investment decisions.

Choosing Your Investments

You decide how the money in your accounts is invested, choosing from among 10 investment funds. Each of the investment funds offers a different approach to investing, with varying objectives and risk features. All the investment options provide the opportunity for you to accumulate capital and/or investment earnings over time.

Asset Class	Funds
▪ Money Market – Consisting primarily of certificates of deposit and Treasury bills and notes	▪ Money Market Fund
▪ Fixed Income – Consisting primarily of bonds	▪ Stable Assets Fund
▪ Hybrid – Consisting primarily of a mix of stocks and bonds	▪ Retirement Assets Fund I ▪ Retirement Assets Fund II ▪ Retirement Assets Fund III
▪ U.S. Equity – Consisting primarily of U.S. stocks	▪ S&P 500 Index Fund ▪ Core Equity Fund ▪ Special Equity Fund ▪ The McGraw-Hill Companies Stock Fund
▪ International Equity – Consisting primarily of foreign stocks	▪ International Equity Fund

Default Investment Option

If you do not make a decision on how the contributions to your accounts will be invested, all of your assets will be allocated to the Retirement Assets Fund III. Remember that you make a single election for both accounts—you cannot make separate investment elections for your 401(k) savings and profit sharing accounts.

Fund Details

The table that follows presents highlights of the funds available to you.

Fund	Description	Invested in	Manager(s)	Investor Profile
Money Market Fund	This fund seeks to preserve your investment and at the same time provide you with current income.	High quality commercial paper, banker's acceptances, time certificates of deposit and Treasury bills and notes	The Northern Trust Company	Conservative
Stable Assets Fund	This fund seeks to preserve principal and provide current income by investing in securities having limited or no market value exposure, and, therefore, limited risk.	High quality fixed income instruments such as GICs, BICs, synthetic GICs, and other short-term securities	Deutsche Asset Management, PIMCO, and STW Fixed Income Management	Conservative

Fund	Description	Invested in	Manager(s)	Investor Profile
Retirement Assets Fund III	This fund emphasizes dividend and interest income, but also offers the opportunity for long-term capital appreciation.	Target asset allocation: ▪ 40% U.S. stocks ▪ 60% U.S. and U.S. dollar-denominated foreign bonds	Fayez Sarofim & Co., Pacific Financial Research, and STW Fixed Income Management	Moderate
Retirement Assets Fund II	This fund seeks long-term capital appreciation, and also places emphasis on dividend and interest income.	Target asset allocation: ▪ 60% U.S. and foreign stocks ▪ 40% U.S. and U.S. dollar-denominated foreign bonds	Fayez Sarofim & Co., Pacific Financial Research, STW Fixed Income Management, and The International Equity Fund	Moderate
Retirement Assets Fund I	This fund seeks long-term capital appreciation. Less emphasis is placed on dividend and interest income.	Target asset allocation: ▪ 80% U.S. and foreign stocks ▪ 20% U.S. and U.S. dollar-denominated foreign bonds	Fayez Sarofim & Co., Pacific Financial Research, Special Equity Fund, STW Fixed Income Management, and The International Equity Fund	Moderately Aggressive
S&P 500 Index Fund	This fund seeks to provide long-term capital appreciation.	Stocks that comprise the Standard & Poor's 500 Composite Stock Index.	The Northern Trust Company	Moderately Aggressive
Core Equity Fund	This fund seeks capital appreciation by investing principally in the common stock of seasoned, well-established companies. Current income is a secondary objective.	Approximate asset allocation (excluding cash reserve): ▪ 88.6% U.S. stocks ▪ 3.3% foreign stocks ▪ 6.7% fixed income ▪ 1.4% cash and other investments	Bear Stearns S&P Stars Portfolio (Y Shares - Institutional Class) and Pacific Financial Research	Moderately Aggressive
Special Equity Fund	This fund seeks long-term capital appreciation by investing primarily in the common stocks of small to medium-size companies.	Approximate asset allocation (excluding cash reserve): ▪ 86.3% U.S. stocks ▪ 3.8% foreign stocks ▪ 9.9% cash and other investments	Essex Investment Management Company, LLC, Westport Asset Management, Inc. and TCW Galileo Select Equities Fund (Institutional Class)	Aggressive
International Equity Fund	This fund seeks long-term capital appreciation by investing in the stock and debt of companies and governments domiciled outside the U.S.	Approximate asset allocation (excluding cash reserve): ▪ 96.3% foreign stocks ▪ 3.7% cash and other investments	Artisan Partners, L.P. International and Bank of Ireland Asset Management (U.S.) Limited	Aggressive

Fund	Description	Invested in	Manager(s)	Investor Profile
The McGraw-Hill Companies Stock Fund	This fund seeks long-term capital appreciation by investing in the common stock of The McGraw-Hill Companies, Inc.	The McGraw-Hill Companies stock	Not applicable	Aggressive

Blackout Periods

Certain employees are restricted in trading company stock, including any transactions in The McGraw-Hill Companies Stock Fund in their 401(k) savings and profit sharing accounts, during certain periods when corporation earnings information is released. This restricted period, called the "blackout period," begins on April 1, July 1, October 1, and January 10 and runs until 24 hours after the release of the corporation's quarterly earnings.

If you are subject to this blackout period, you will be notified. During this period, you can make changes to any of your investment choices except The McGraw-Hill Companies Stock Fund.

For More Information...

There are Investment Fund Fact Sheets for each fund. The Fund Fact Sheets are available by:

- visiting HR Solutions @ccess through The McGraw-Hill Companies intranet or on the Internet at *www2.benefitsweb.com/mcgrawhill*, or
- calling HR Solutions @ccess at 1-800-338-3603.

Existing Account Balance

Keep in mind that when you make your investment choices, the choices you make apply to all contributions to both your 401(k) savings and profit sharing accounts, simultaneously.

To reallocate your existing account balances, visit HR Solutions @ccess online or call HR Solutions @ccess. You can make changes whenever it is most convenient for you—24 hours a day, 7 days a week. When you make a change, a confirmation statement describing the change is mailed to your home address.

How Often You Can Make Changes

You can reallocate your account balance up to four times per calendar year without incurring an administrative cost. If you make more than four changes during the year, your account is charged $10 for each additional change that you request. The charge will be made against your account balance.

You can reallocate your account balance as often as once every seven days. After you reallocate your balance, you must wait seven calendar days before you can elect a new allocation.

When Changes Take Effect

Investment changes take effect on the next trading day, provided you make the change by 4:00 p.m. Eastern Time on the prior day.

Future Contributions

If you forget your PIN...

If you lose or forget your Personal Identification Number (PIN), visit HR Solutions @ccess online or call HR Solutions @ccess. Both systems give you the opportunity to request a new PIN. Please keep in mind that it may take three to five business days for you to receive a replacement PIN.

Keep in mind that when you make your investment choices, the choices you make apply to all contributions to both your 401(k) savings and profit sharing accounts, simultaneously.

You can change the investment direction of future contributions to your accounts by visiting HR Solutions @ccess online, or by calling HR Solutions @ccess. You can make changes whenever it is most convenient for you—24 hours a day, 7 days a week. When you make a change, a confirmation statement describing the change is mailed to your home address.

Your future allocations can be changed for both your 401(k) and the profit sharing accounts as many times as you wish without incurring an administrative cost.

When Changes Take Effect

When changing the investment directions of future contributions, you can make the changes at any time. However, unlike the way changes to your existing balance take effect the next business day, changes to future contributions are based on when you make the change and take effect with the semi-monthly pay periods.

- Transactions entered by 4 p.m. on the 15th of the month will be effective the first of the following month and will be reflected in the first semi-monthly payroll of the month.
- Transactions entered after 4 p.m. on the 15th of the month and before 4 p.m. on the last day of the month will be effective the 16th of the month following and reflected in the second semi-monthly payroll of the month.

For example, if you make a change at 3:30 p.m. Eastern Time on the 15th of March, that change will go into effect with the first pay period in April. However if you make a change at 4:30 p.m. Eastern Time on that same day, the change will go into effect with the second pay period in April.

Remember to consider when contributions are made to your accounts in deciding when to change how future contributions are invested. In particular, be aware that company contributions to the profit sharing plan are only made once a year, generally in the first quarter.

Taxes

The IRS has established guidelines for taxing distributions (including withdrawals) from the 401(k) savings plan and the profit sharing plan. Because these federal guidelines are complicated and may change and because individual circumstances vary, you may want to consult a tax advisor before receiving a distribution or taking a withdrawal.

In This Section **See Page**

Three types of taxes may affect your distribution, as follows:

- Ordinary income tax
- 10% tax penalty
- Capital gains tax

This section also provides an explanation of special tax treatment you might be eligible to receive if you were born before January 1, 1936.

Ordinary Income Tax

In general, you are required to pay ordinary income taxes on taxable distributions that are not rolled over directly into an Individual Retirement Account (IRA) or another employer's tax-favored plan. (If you made after-tax contributions to the 401(k) savings plan, only the earnings are taxed.)

When you receive a distribution from either the 401(k) savings or profit sharing plan and don't directly roll over to an IRA or another tax-favored plan, 20% of your taxable distribution is withheld to cover your federal income tax liability. (If you are a non-resident alien and you are not eligible for or have not requested tax treaty benefits, the amount withheld is 30% of the distribution.)

All of your payments are taxable as ordinary income in the year you receive them. In some areas, state and local taxes may also apply. Your actual tax liability depends on your total taxable income and other individual factors. In addition, income and inheritance taxes on plan distributions vary by state and country.

10% Tax Penalty

Because the 401(k) savings and profit sharing plans are designed to help you save for retirement, the IRS imposes a 10% tax penalty on most "early distributions"—taxable payments you receive before age 59½.

The 10% tax penalty does not apply in the following situations:

- You end your employment with the corporation at or after age 55.
- A distribution is made due to your disability.
- A distribution is made to your beneficiary upon your death.
- A distribution is made to your spouse or dependent child under the terms of a qualified domestic relations order.
- You roll over the distribution into an IRA or other tax-favored plan within 60 days of receiving payment.

Capital Gains Tax

If any portion of your 401(k) savings and profit sharing plan accounts is invested in The McGraw-Hill Companies Stock Fund, you have the option to have that portion of your account paid to you in the form of The McGraw-Hill Companies stock. If you receive any portion of your distribution in The McGraw-Hill Companies stock, you are not taxed on the unrealized appreciation until you sell or otherwise dispose of the shares. At that time you may have a capital gain or loss. For more information on the tax treatment of capital gains and losses, consult your tax advisor.

If You Were Born Before 1936

If you were born before January 1, 1936 and receive a lump-sum distribution, you may elect to have the portion of your distribution attributable to your plan participation before 1974 taxed as a long-term capital gain at a rate of 20%.

Keep in mind that once you choose your tax option, you pay the whole amount in one payment along with the tax figured on your other income. This may result in lower taxes for you.

Social Security

Social Security provides income for you (and your eligible dependents, including your spouse and your unmarried children under 18 years of age) when you retire or become totally disabled. You make contributions to fund your Social Security benefits through payroll deductions—the FICA taxes you see on your paycheck stub. The corporation (and your other employers) has also been paying taxes, throughout your working career, so that you can receive Social Security benefits.

For Information, Call the Human Resources Service Center (HRSC)...

and ask for information booklets on Social Security benefits. The HRSC can also send you cards you can use to verify your wage history and benefit estimate with Social Security.

When Benefits Are Paid

Social Security gives you the option to retire early and receive reduced Social Security retirement benefit payments, or to retire at a later date, when you can receive your full Social Security benefit payments. As of January 1, 2004, these are the current rules:

If you were born before 1938...

- Then you can begin receiving full Social Security retirement benefits as early as age 65.
- You can begin receiving reduced Social Security retirement benefit payments as early as age 62.

If you were born after 1937 but before 1960...

- Then the age at which you can begin receiving full Social Security retirement benefits depends on the year in which you were born, but is between age 65 and age 67.
- You can begin receiving reduced Social Security retirement benefit payments as early as age 62.

If you were born after 1959...

- Then you can begin receiving full Social Security retirement benefits anytime after you reach age 67.
- You can begin receiving reduced Social Security retirement benefit payments as early as age 62.

Once you reach age 25, you will automatically be sent a statement of your benefits approximately three months before each birthday. If you wish to see additional statements, you can request one online at *www.ssa.gov*.

To ensure that your records are accurate and up-to-date, you review your statement carefully. Errors that are identified early are easier to correct.

For more information on estimates, call the Social Security Administration at 1-800-772-1213, or visit the Social Security website at *www.ssa.gov*.

Receiving Your Benefits

To receive your Social Security benefits, you'll need to apply to the Social Security Administration. Start the process early by filing an application at least three months before you want benefits to begin.

You can apply for your benefits online or in person at your local Social Security office. Check the blue pages of your local telephone directory for the office nearest you.

Other Benefits

In addition to your Healthcare, Flexible Spending Account, Disability, Life and Accident Insurance and Retirement benefits, The McGraw-Hill Companies provides you with some other benefits, including:

- Employee Assistance Program
- Long-Term Care Insurance
- Auto, Home, and Renter's Insurance
- Tuition Refund Program
- Severance benefits

In This Section **See Page**

Employee Assistance Program (EAP)

The corporation provides you with access to the Employee Assistance Program (EAP) at no cost to you. EAP benefits are available to all employees of the corporation and their family members.

In This Section	See Page

For Additional Information

If you need additional information about the EAP, call ValueOptions at 1-800-544-8320. Counselors are available 24 hours a day, 7 days a week.

How the Program Works

The Employee Assistance Program (EAP) allows you to discuss personal issues with a professional counselor. You can see an EAP counselor for up to three visits per year at no charge. In addition, you and your immediate family members can use the EAP regardless of which medical coverage option you are enrolled in—or even if you are not enrolled in any of the corporation's medical options.

Services Offered

EAP benefits are provided through ValueOptions, an experienced provider of employee assistance programs nationwide. The EAP offers two primary services:

- The EAP is a confidential assessment and referral service designed to help you and your immediate family members resolve personal issues that may affect your health, family life, or job performance. You can call the EAP anytime at 1-800-544-8320, or visit the EAP online at *www.achievesolutions.net*.
- The EAP also provides work/life, dependent care and elder care information. These resources can provide you with a list of childcare or elder care providers in your area, along with guidelines and information to help you evaluate these dependent care options and choose the one that is right for you. You can reach a work/life counselor through ValueOptions at 1-800-544-8320.

EAP counselors can help you or your family with virtually any issue affecting your life at home or at work, including:

- financial or legal pressures,
- job or personal stress,
- weight problems or eating disorders,
- depression and anxiety,
- general emotional difficulties,

- marital and family difficulties, and
- alcohol or drug dependence.

Confidentiality

Services provided through the EAP are strictly confidential. ValueOptions will not release any information about you or your family members unless you give written permission or unless the law requires it.

When You Need Help

Don't Hesitate to Call

If you feel that you or a family member could benefit from a conversation with one of the EAP's counselors, don't hesitate to call them at 1-800-544-8320. Counselors are available 24 hours a day, 7 days a week.

When you or your immediate family members need care, call ValueOptions at 1-800-544-8320. Clinicians are available to speak to you 24 hours a day, 7 days a week.

When you call ValueOptions, you will speak with a clinician who will provide referrals as needed. For example, you may be given access to an EAP counselor in your local area who will provide up to three in-person evaluation sessions. The professional counselors at your EAP—all licensed psychologists and social workers—have been trained to assess your situation accurately and begin working with you right away. In many instances, your issues can be resolved with the EAP counselor over the phone or in a few private, face-to-face meetings.

If your situation requires assistance beyond the first three EAP sessions, the EAP counselor will facilitate proper care by referring you for additional assistance—for example, therapy or a treatment program. Additional benefits may be available through your medical coverage option.

Dependent Care Resources

You can obtain information and referrals for dependent care by visiting the ValueOptions Web site at *www.valueoptions.com*, or by calling ValueOptions at 1-800-544-8320. You can receive a list of dependent care providers in your area (both childcare and elder care), as well as helpful ideas on how you can decide which dependent care provider best meets your needs. This information and referral service are free to active employees.

If You Need More Help

In cases where your situation calls for care beyond the first three EAP visits, the medical coverage you have through the corporation can help. The benefits available depend on the medical option in which you have enrolled. For more information about the plans available to you, visit *www.benefitsplanner.com*, or see the *Healthcare Option Summaries*.

For more information on mental health/chemical dependency care, see *Mental Health/Chemical Dependency Coverage*.

When Eligibility Ends

Your and your family members' access to the corporation's EAP services ends on the earliest of the following dates:

- The last day of the month in which you retire or otherwise end your employment
- The last day of the month in which you become totally disabled, as defined by the corporation's Long-Term Disability Plan
- The last day of the month in which you begin a leave of absence (If you are on an approved leave under the Family and Medical Leave Act (FMLA) your access to EAP services continues. See the *Human Resources Guide* for more information on FMLA leaves.)

- The day the corporation discontinues the program
- Your family members' access to EAP services ends the last day of the month in which you die.

Long-Term Care Insurance

In addition to medical care, you or one of your family members may find yourself in a situation where you need long-term care, perhaps due to an accident or illness or the effects of aging. The McGraw-Hill Companies Long-Term Care Plan offers you access to coverage from the John Hancock Life Insurance Company to help you pay for long-term care.

In This Section **See Page**

Long-term care differs from acute medical care, which treats temporary conditions, such as broken bones. Long-term care can be as simple as having help in the home with daily personal activities, or as complex as having constant supervision provided by healthcare professionals in a nursing home or other care facility. As a result, most long-term care is not covered by your McGraw-Hill Companies healthcare coverage or by Medicare.

The following are the types of things that are considered long-term care:

- Nursing home care
- Alternate facility care

- Home health care
- Adult day care
- Informal care

The McGraw-Hill Companies offers you the option to purchase insurance coverage to cover the cost of long-term care through The McGraw-Hill Companies Long-Term Care Plan. The LTC Plan allows flexibility to buy coverage for yourself or your eligible family members. You also have the flexibility to choose an amount of coverage that is appropriate to your needs.

Terms to Know

Patient Advocate

For the Long-Term Care Plan, a patient advocate is an employee at John Hancock who is assigned to work with you in determining your eligibility for long-term care coverage. If your patient advocate concludes that you qualify, you will be certified for benefits under the McGraw-Hill Companies Long-Term Care Plan.

Your patient advocate will provide you with necessary information and forms and will work with you, your doctor, and/or your care facility closely during the evaluation process.

Your patient advocate will also:

- verify that members meet the benefits eligibility criteria,
- provide information and education on different types of facilities and levels of care,
- conduct periodic reassessments for benefits eligibility,
- research long-term care resources for you and your family, and
- negotiate discounts with long-term care providers.

How the Plan Works

Under the McGraw-Hill Companies Long-Term Care (LTC) Plan, you have the flexibility to choose the level of coverage that you believe will best meet your individual needs. The LTC plan pays you and/or your dependents a daily amount of money to cover all or a portion of the cost of your care, up to the daily maximum benefit (DMB) you elect when you enroll. For example, if you elect a daily benefit of $100 when you enroll and you later live in a nursing home, the plan will pay you $100 a day towards your nursing home care costs for as long as you remain qualified for benefits.

The LTC plan allows you and your dependents to choose from three DMB benefit levels: $100, $200, and $300. See "Your Benefit Amount" for more information.

As you decide which DMB benefit level to purchase, be sure to base your election on local costs. Choose a benefit level that reflects the price of long-term care for the area in which you expect to be receiving that care.

Daily Maximum Benefit (DMB) levels

Under the McGraw-Hill Companies Long-Term Care Plan, you can choose from the following DMB levels:

- $100
- $200
- $300

Long-Term Care Insurance vs. Medical Coverage and Long-Term Disability (LTD) Insurance

Long-term care insurance can sometimes be confused with medical coverage and long-term disability (LTD) insurance.

The simplest way to distinguish between your medical coverage and the two types of insurance plans is as follows:

- Your LTD insurance is meant to replace any *income* lost if an illness or disability causes you to miss work, while medical coverage and long-term care insurance are meant to provide money for the cost of care *services*.
- Your healthcare coverage covers the costs of treating the acute illness or disability.
- Long-term care insurance covers the costs of care needed for you to be able to perform daily living functions.

Eligibility and Enrolling

You are eligible to enroll in the McGraw-Hill Companies Long-Term Care (LTC) Plan if:

- you are an active full-time or an active part-time employee,
- you are regularly scheduled to work 20 or more hours per week, and
- you reside within the U.S. on your date of application and effective date of coverage.

You are also eligible if you are a retiree. You are considered to be a retiree if you are eligible to receive pension benefits from the corporation. See *Pension Plan* for additional pension eligibility information.

If you are an eligible employee, you may enroll certain family members for coverage under the LTC Plan. The LTC Plan enables you to cover the following family members:

- Your spouse or domestic partner
- Your or your spouse's:
  - Parents
  - Grandparents
- Your surviving spouse, if you die

There is no age limit for eligible employees to enroll for coverage. Spouses of eligible employees must be age 18 or older.

Enrolling

Once you have determined that you wish to apply for long-term care insurance, considered the level of care you or your dependents will need, and the location where the care will be provided, you should begin the application process as soon as possible. Since your premiums will be based on your age at the time of your enrollment, it is to your advantage to enroll for long-term care as early as possible. See "Cost of Coverage" for more information on the advantages of early enrollment.

You and your eligible dependents can apply for coverage under the McGraw-Hill Companies Long-Term Care (LTC) Plan at any time:

- Call John Hancock at 1-800-435-3538 and request an application form.
- Apply online at *mcgraw-hill.jhancock.com* (username: mcgraw-hill, password: mybenefit).

You will need to fill out a separate form for each person in your family who is applying for coverage. For example, if you and your spouse both want to enroll, you will each have to fill out a separate form.

In addition to choosing your coverage, you must also provide proof of good health to John Hancock. Providing proof of good health means you must complete the statement of health on the application form. You may also need to be interviewed by a John Hancock representative. If additional medical information is necessary, John Hancock will request those records from your physician at no cost to you.

If you need an enrollment kit...

You can request an enrollment kit for yourself or your family members at any time:

- Visit *mcgraw-hill.jhancock.com* (username: mcgraw-hill, password: mybenefit).
- Call John Hancock at 1-800-435-3538. Consultants are available Monday through Friday from 8:00 a.m. to 10:00 p.m. and Saturday from 8:00 a.m. to 8:00 p.m. Eastern Time.

Choosing Your Daily Maximum Benefit (DMB)

You can choose from three DMB levels: $100, $200, and $300. This benefit level is the amount that you estimate you will need to cover the cost of your daily long-term care expenses. See "Your Benefit Amount" for more information.

As you decide which DMB amount to purchase, be sure to base your election on local costs. Choose a benefit level that reflects the price of long-term care for the area in which you will be receiving that care.

It is important to estimate your daily expenses as accurately as possible, since you will pay the difference out of pocket. The DMB is the most the insurance may pay for all covered services received on any day. If actual expenses are less than your DMB, you will be reimbursed based on actual expenses. Any remaining benefit will remain as part of your lifetime maximum benefit, available for future use.

If your spouse or another eligible family member is also enrolling...

You and your spouse or other covered family member do not need to elect the same DMB levels for your individual coverage. Each individual should decide which benefit level will best suit his or her personal long-term care needs.

When Coverage Begins

Your application must be approved before coverage may begin. Once you have completed the necessary steps and after receipt of all required information by John Hancock, a decision will be made in five to seven days. A letter will be mailed to you informing you of the final decision. If you are approved, you will receive a Master Schedule and Certificate of Coverage outlining your coverage.

Once your coverage has begun, you will not receive benefits immediately if you begin receiving long-term care. Before benefits begin to be paid, you must complete a 90-day Qualification Period. See "Qualification Period" for more information.

If Your Application Is Not Accepted

If your application for coverage is not accepted, you'll be notified in a letter. The letter will explain how to have your application reconsidered. You or your physician will need to send information supporting a reconsideration to John Hancock within 60 days. A consulting physician at John Hancock will review the new information and make a recommendation. You and your doctor will be notified when a final decision is made.

Cost of Coverage

You pay the full cost of your coverage under the McGraw-Hill Companies Long-Term Care (LTC) Plan. The cost of coverage depends on the following:

- Your age when you apply for coverage (referred to as your issue age)
- The daily maximum benefit (DMB) level you select

Your issue age is defined as your age on your birthday closest to the later of:

- The plan's effective date
- The date you become eligible for coverage
- The date your application was received

For example, if the plan's effective date is April 1, 2002, your application was received on May 1 (when you were eligible for coverage) and your birthday is in June, your issue age is your age on your birthday in June 2002. The younger you are, the less your monthly premium will be.

If you enroll for coverage at age...	Your monthly premiums (depending on your DMB) will range between...
25	$4.81–$12.36
35	$9.95–$26.90
45	$20.34–$56.89
55	$40.99–$118.49
65	$92.06–$267.62

Premiums are designed to remain level throughout your or your dependents' lifetime. Your premiums will not automatically increase with age, illness or use of coverage. If premiums do change while you are enrolled, they will change for all plan participants.

Portable Coverage

Your LTC Plan coverage is portable. This means that if you retire or leave the corporation, your coverage may be continued at your same premium rate. You can also continue coverage for your spouse or other covered dependent.

For example, if you enroll for coverage and also enroll your spouse for coverage and then you leave the corporation, you can continue your LTC Plan coverage for both of you. If you die, your spouse can continue his or her coverage. See "Continuing Coverage" for additional details.

Premiums for you or your spouse/domestic partner are deducted from your paycheck on an after-tax basis. All other enrolled dependents will have the option to pay John Hancock directly or through automatic withdrawals from a bank account.

Your Benefit Amount

When you enroll for coverage under the McGraw-Hill Companies Long-Term Care (LTC) Plan, you choose one of the three daily maximum benefit (DMB) levels. Whichever benefit level you choose, that amount is the maximum amount of eligible expenses that the plan will reimburse for each day that long-term care is provided.

The DMB you elect will also determine your lifetime maximum benefit (LMB), which is the most you can receive in benefits from the plan over the course of your life. When you reach your LMB, your coverage will end.

Since nursing home care is the most expensive type of care, the three DMB levels are based on daily nursing home costs. For example, if you choose the $200 DMB, this means that you will have $200 to put towards your daily nursing home expenses for your long-term care. If you use home health care instead of a nursing home facility, then your DMB for home health care would be $120 under the $200 DMB.

The following chart shows what your DMB and LMB would be, depending on which type of care and benefit level you choose.

	Nursing Home DMB	Alternate Care / Assisted Living Facility DMB*	Home Health / Adult Day Care** DMB	Informal Care DMB***	Lifetime Maximum Benefit
Option 1	$100	$100	$60	$25	$182,500
Option 2	$200	$200	$120	$50	$365,000
Option 3	$300	$300	$180	$75	$547,500

** Long-term care providers must meet the qualifications specified in the Certificate of Insurance that will be issued to you when you become approved for coverage. Kansas requires that an expanded nursing home definition be used. It includes licensed nursing care homes, intermediate personal care homes, assisted living facilities, and residential care facilities. A separate alternate care facility benefit is not available.*

*** Washington state refers to this as Adult Day Health Care.*

**** Informal Care has a calendar year maximum of 30 times the Informal Care DMB.*

Estimating Your DMB

[illegible]

Inflation Adjustment

As a way to help protect you against rising health care costs due to inflation, every three years, you will have the opportunity to purchase additional amounts of coverage.

You'll be eligible to increase your coverage if you:

- are younger than age 85
- have not been certified for long-term care benefits within the six months before the effective date of the increase of coverage, and
- have not elected to continue coverage on a reduced paid-up basis under the Reduced Paid-Up Benefit Bank. See "Special Plan Features" for more information.

If you elect to purchase additional coverage, your coverage level will increase by the greater of 5% compounded annually or the Consumer Price Index. Your new premium will be based on your issue age at the time that your new coverage amount becomes effective.

When Benefits Are Paid

You qualify for benefits under the McGraw-Hill Companies Long-Term Care (LTC) Plan when it is certified that, due to a covered physical or mental (cognitive) condition, you are dependent in at least two of six Significant Activities of Daily Living (SADLs). You are considered dependent in an SADL if you cannot perform the activity without substantial assistance from another person and your condition is expected to continue for at least 90 days.

To determine if you are dependent in an SADL, a John Hancock patient advocate will consider your physical and cognitive ability to perform these activities independently and appropriately without supervision or help from another person.

Receiving Long-Term Care Benefits

To be eligible to receive benefits, you or your covered dependent need to:

- be certified SADL-dependent or cognitively impaired by the patient advocate,
- be enrolled and paid up in the LTC Plan, and
- complete the Qualification Period.

You do not need to be hospitalized or confined to a nursing home prior to receiving long-term care benefits.

The six SADLs are:

- Bathing
- Dressing
- Eating
- Toileting
- Transferring from a bed to a chair
- Maintaining continence

You are also qualified for benefits under the LTC plan if you are cognitively impaired, which is a deterioration or loss of intellectual capacity due to an organic brain disorder (such as Alzheimer's disease) that requires substantial supervision to protect you or others.

When you feel you are in need of long-term care, call John Hancock at 1-800-435-3538. You will be assigned a John Hancock patient advocate who will provide you with necessary information and forms and who will work with you, your doctor, and/or your care facility closely during the evaluation process.

Your patient advocate will:

- Verify that members meet the benefits eligibility criteria
- Provide information and education on different types of facilities and levels of care
- Conduct periodic reassessments for benefits eligibility
- Research long-term care resources for you and your family
- Negotiate discounts with long-term care providers

If your patient advocate concludes that you qualify, you will be certified for benefits under the LTC Plan.

Qualification Period

Once you have been certified for benefits under the McGraw-Hill Companies Long-Term Care (LTC) Plan, there is a qualification period before you can receive benefits for covered charges you incur.

In order to ensure that the care you need is long-term in nature, you must wait 90 days from your date of benefit eligibility until you can receive your benefits. You must remain certified during this time.

Qualification Period Expenses Cannot Be Reimbursed

The LTC Plan does not reimburse expenses you may incur during the mandatory 90-day Qualification Period.

For example, if you become eligible for benefits on April 1, you will have to remain certified through June 29 (for 90 days) before your benefits under the Plan can begin to be paid. It is likely that you will incur some long-term care expenses during this 90-day period, but only the expenses you incur *after* the 90 days can be reimbursed under the LTC Plan.

Filing a Claim

Call John Hancock's customer service toll-free number, 1-800-435-3538, as soon as you think you may need long-term care services. A long-term care service consultant will verify that your coverage is in force and will provide this information to a claims analyst and a patient advocate.

The patient advocate will call you to explain the certification process, review pertinent plan provisions, and obtain necessary information to help you through the claim process.

How Benefits Are Paid

After you've met the qualification period, the plan will pay benefits for covered charges you incur as long as you remain certified.

The daily benefit you receive depends on the type of care that you receive and the daily maximum benefit (DMB) you elected at enrollment.

Benefits are usually paid on a monthly basis. Benefits will be paid directly to you, or to your service provider if you prefer. Claim forms will be sent to you for completion for each service provider. If you want payment to go directly to the service provider, you must fill out the authorization of payment section of the form.

No benefits will be paid after:

- a John Hancock patient advocate determines you no longer meet the benefit eligibility requirements, or
- you reach your lifetime maximum benefit.

What's Covered

The McGraw-Hill Companies Long-Term Care (LTC) Plan covers care provided by many different types of caregivers and in a variety of settings.

Nursing Home

- The Plan provides benefits for skilled nursing care, intermediate nursing care, custodial care, and room and board for inpatient care.
- The nursing home must be:
  - licensed to provide skilled nursing care or intermediate nursing care by the jurisdiction in which the facility operates, and
  - approved by Medicare as a skilled nursing facility.
- A nursing home does not include a hospital or an alternate care facility.

Alternate Care Facility

- The Plan provides benefits for room and board for inpatient care and custodial care.
- The alternate care facility must be engaged primarily in providing ongoing care and related services to at least five unrelated inpatients and it must:
  - provide care and services 24 hours a day,
  - be licensed by an appropriate licensing agency,
  - provide three meals a day and accommodate patients' special dietary needs,
  - have an awake employee on duty at all times who is trained in the appropriate methods and procedures to support inpatients' needs,
  - have formal arrangements for obtaining the services of a physician, RN, LPN, or LVN to furnish appropriate aid in the event of a medical emergency, and
  - have appropriate methods and procedures for medication management.
- An alternative care facility does not include a hospital or nursing home.

Hospice Care

Hospice care may also be covered by your McGraw-Hill Companies healthcare plan, but healthcare plans generally cover only a percentage of the reasonable and customary costs, and your coverage is generally limited to a lifetime maximum of 180 days. The LTC Plan will cover all hospice expenses up to your Daily Maximum Benefit (DMB) for as long as you remain eligible for benefits under the plan.

Services in hospice care institutions are covered under the Nursing Home Benefit if the facility meets the definition of a Nursing Home.

Hospice services can also be covered under the Alternative Facility Benefit if the facility meets the definition of an alternative care facility.

Healthcare Coverage

Your McGraw-Hill Companies healthcare plan provides some coverage for nursing home and home healthcare.

However, coverage under your healthcare plans:

- generally pays only a percentage of the reasonable and customary costs of these expenses,
- is generally limited to an annual maximum, and
- generally does not cover care provided by a person who does not have medical training.

Home Health Care

- The plan provides benefits for home nursing care, home health aide services, physical, respiratory, occupational, or speech therapy, and nutritional counseling.
- Home health care must be in accordance with a home health care plan or approved by the long-term care patient advocate.
- Home health care must also:
  - be provided in your home, and
  - be performed by someone who does not ordinarily reside in your home.

Adult Day Care

- Adult day care must be in accordance with a home health care plan or approved by the long-term care patient advocate.
- If provided in your home, the adult day care must be provided by someone who does not ordinarily reside in your home.
- If provided in a facility other than your home:
  - The facility must be licensed to provide a planned program of adult day care services to frail or impaired adults by the jurisdiction in which it operates.
  - If the jurisdiction in which it operates does not license adult day care centers, the center must be operated in accordance with the law and meet all of the following standards:
    - It provides a planned program of adult day care services to frail or impaired adults under appropriate supervision.
    - It operates at least 5 days a week for 6 to 18 hours a day.
    - It maintains a written record of medical services for each person.
    - It has established procedures for obtaining appropriate aid in the event of a medical emergency.

Informal Care

- The plan provides benefits for services that are required to maintain your environment, personal supervision if you are cognitively impaired, and assistance with activities of daily living.
- Informal care must be in accordance with a home health care plan or approved by the long-term care patient advocate.

- Informal care must also:
  - be provided in your home, and
  - be provided by someone who:
    - does not ordinarily reside in your home,
    - is 18 years of age or older, and
    - is either employed through a home health agency, or is certified to provide such care in the jurisdiction where the care is provided.

What's Not Covered

The McGraw-Hill Companies Long-Term Care (LTC) Plan will not cover any of the following charges:

- Mental or emotional disorders without demonstrable organic disease. This includes but is not limited to:
  - neurosis,
  - psychoneurosis,
  - psychopathy, or
  - psychosis.

  This exclusion does not apply to Alzheimer's Disease or other organically caused brain disorders. Costs for care of such diseases would be covered.
- Intentionally self-inflicted injury
- Care specifically provided for detoxification of or rehabilitation for alcohol or drug abuse
- Conditions caused by:
  - war (declared or undeclared) or any act of war, or
  - service in any armed forces or auxiliary units.
- Conditions caused by:
  - committing or attempting to commit a felony,
  - engaging in an illegal occupation, or
  - participating in an insurrection or riot.
- Care or treatment provided outside the United States
- A service or supply furnished primarily to beautify
- A service or supply furnished by or covered as a benefit under a program of any government or its subdivisions or agencies, except:
  - a program established by the federal government for its civilian employees,
  - Medicare, and
  - Medicaid.
- A service or supply for which a charge would not have been made in the absence of insurance

Special Plan Features

Following are special features of the McGraw-Hill Companies Long-Term Care (LTC) Plan. Taking advantage of these additional features can help you adjust your coverage in order to make the benefits of the LTC Plan more useful to you and more in tune with your personal needs.

Reduced Paid-Up Benefit Bank (Non-Forfeiture Benefit)

After you've been covered by the LTC Plan for three years, you can choose to stop paying premiums and maintain a reduced level of coverage. If you choose this option, your daily maximum benefit (DMB) amount will not change, but your lifetime maximum benefit (LMB) will be reduced. Your reduced LMB will equal the greater of 30 times your Nursing Home DMB or the sum of the premiums you have paid.

You must elect the Reduced Paid-Up Benefit Bank at your time of application. You will not have another opportunity to elect this option.

An Example

If you were to purchase the $200 DMB at age 40 with the Reduced Paid-Up Benefit (Non-Forfeiture Benefit) Option, the monthly premium would be $31.03*. If you have not made any change to your benefits and after five years you chose to cancel your coverage for any reason, your new reduced LMB would be determined by the greater of the following:

- $31.03 times 12 months times 5 years = $1,861.80 (sum of premiums paid)

or

- $200 DMB times 30 = $6,000 (30 times the Nursing Home DMB Amount)

Therefore, because $6,000 is the greater of the two calculations above, your new LMB will be reduced from $365,000 (the original LMB amount) to $6,000.

**Premiums would vary for Arkansas, Connecticut, Delaware, Kansas and Washington residents.*

Return of Premium at Death

If you die while enrolled in the LTC Plan, the plan may pay your estate all or a portion of the amount of the premium contributions you made to the plan, minus the amount of any benefits you received. (This benefit is not available to residents of Arkansas or Washington.)

The following chart shows the percentage of your premium that would be refunded to your estate based on your age at the time of your death, assuming that you had not received any benefits from the LTC plan.

If you die at age...	The LTC Plan refunds...
65 and under	100%
66	90%
67	80%
68	70%
69	60%
70	50%
71	40%
72	30%
73	20%
74	10%
75 or older	0%

The plan will not return contributions if you elected the Reduced Paid-Up Benefit Bank, described above.

Bed Reservation Benefit

If you choose this option and you are hospitalized while you are receiving LTC plan benefits, your benefits will not stop being paid, even though you are no longer receiving long-term care when you are in the hospital. The LTC Plan will continue to pay nursing home and residential care benefits for up to 14 days if you are hospitalized while receiving benefits.

Waiver of Premiums

Once you have completed the qualification period and have incurred 30 days' worth of qualified expenses, your premium payments for the LTC Plan will be waived. Your qualified expenses may be incurred during the qualification period, but they must be for care other than informal care.

Your premiums will remain waived while you are receiving benefits from the Plan. If you stop receiving benefits from the Plan, your premiums will continue to be waived for as long as you remain certified for benefits.

When you are no longer certified for benefits under the Plan, your premiums will resume.

It is important to note that the waiver applies separately for each individual. Although your premiums are waived, your spouse's premiums must still be paid, unless your spouse has also met the requirements for the waiver of premiums.

Alternate Plan of Care

An alternative plan of care can be established by mutual agreement between you and John Hancock if the patient advocate identifies alternatives to the current LTC Plan that are both appropriate and cost effective to you. This alternative plan may provide benefits for services or equipment not otherwise covered under the Plan.

International Benefits

The LTC Plan will pay benefits for eligible employees and their eligible family members residing in the following countries:

- Australia
- Canada
- England
- France
- Germany
- Greece
- Hong Kong
- Ireland
- Israel
- Italy
- Lebanon
- Malaysia
- Netherlands
- New Zealand
- Scotland
- Sweden

The amount paid is a flat daily rate equal to 57% of the Nursing Home DMB. Some plan limitations and modifications will apply.

Changing Your Coverage

You can make changes to your Long-Term Care (LTC) Plan coverage at any time. To make a change to your coverage, you must contact John Hancock directly. Call John Hancock's customer service toll-free number, 1-800-435-3538, and speak with a long-term care consultant.

Continuing Coverage

If You Leave Before Retirement

Your coverage under the LTC Plan is portable. This means that if you leave the corporation, you may continue your coverage at your same premium rate. You can also continue any coverage you have elected for your spouse or other eligible dependents.

If you have not enrolled and been certified for coverage before you leave the corporation, you will not be eligible to enroll for coverage for yourself or any eligible dependents after you leave.

If You Retire

Your coverage under the LTC Plan is portable. This means that if you retire, you may continue your coverage at your same premium rate. You can also continue any coverage you have elected for your spouse or other eligible dependents.

If you choose to continue your coverage after you retire, you must may your premiums directly. Once you retire, you cannot pay your premiums through pension plan deductions.

If you have not enrolled for coverage before you retire, you are still eligible to enroll for coverage for yourself and any eligible dependents after you retire.

If You Die

If you die after you retire from the corporation:

- and you had been enrolled in the LTC Plan—your spouse may continue his or her coverage at his or her same premium rate.
- and you had not been enrolled in the LTC Plan—your surviving spouse may enroll for coverage after your death.

Your spouse can also enroll for coverage after your death if you were an active employee and eligible for retirement at the time of your death.

If the Plan Is Discontinued

If your coverage ends because The McGraw-Hill Companies stops sponsoring the Plan, you may be eligible to convert your coverage. You will have the same coverage levels and pay the same premiums, but you will make payments directly to John Hancock.

When Coverage Ends

Your Long-Term Care (LTC) Plan coverage ends on the earliest of the day:

- you reach your lifetime maximum benefit,
- you die,
- you no longer pay the premiums (except when you elect the Reduced Paid-Up Benefit Bank or your premiums are waived because you are receiving benefits), or
- The McGraw-Hill Companies stops sponsoring the Plan, unless you convert your coverage.

Auto, Homeowner's, and Renter's Insurance

The METPAY property/casualty insurance program allows you to obtain auto, home, renter's, and other types of property and casualty insurance from Metropolitan Property and Casualty Insurance Company and its affiliate MetLife® Auto & Home, a subsidiary of MetLife. The program provides special group rates plus discounts on your insurance coverages.

Eligibility and Enrolling

Ineligible Individuals

Even if you meet the eligibility requirements, you cannot participate if you fall into one or more of the groups listed under Individuals Not Eligible in [illegible] Regulations.

You are eligible to apply for coverage through METPAY if:

- you are employed by a corporation business unit that participates in the applicable plan,
- you are an active full-time or an active part-time employee,
- you are regularly scheduled to work at least 20 hours per week, and
- you are employed in the United States, or you are a U.S. employee temporarily working abroad.

If you meet these eligibility requirements when first hired by the corporation, you are eligible as of your hire date. If you do not meet these requirements when first hired, you are not eligible until your employment status changes to meet the eligibility requirements. If you are eligible for METPAY coverage, your family members also may apply for METPAY coverage. All applicants must meet underwriting guidelines to qualify for coverage.

Enrolling

You may apply for coverage as of the first day you are eligible. To apply, call the Group Auto and Home Insurance Program at 1-800-438-6381. An insurance consultant will help you review your needs and will explain the coverages available.

If you enroll for coverage, there are several different ways you can pay premiums, as described in "Paying for Coverage." If you choose to pay your premiums through after-tax payroll deductions, a METPAY representative will send you forms that you must complete and return to authorize these payroll deductions.

To apply for METPAY coverage...

[illegible]

Paying for Coverage

You can pay for the coverage you select through:

- after-tax payroll deductions,
- monthly deductions from your checking account, or
- direct billing.

In most states, you receive an additional discount if you pay through payroll deductions.

Unlike other forms of personal insurance, no down payments are required in most cases and there are no service charges to pay with the METPAY program. (A down payment may be required if you have never had insurance. By law, Florida auto policies require a two-month down payment.)

Competitive Rates

Coverage available through the METPAY program is offered at competitive rates. To compare your current home and auto insurance rates, simply call 1-800-GET-MET1 or 1-800-438-6381. An insurance consultant will review your present coverage and provide a no-obligation, personalized quote over the phone. Counselors are available Monday through Thursday, 8:00 a.m. to 10:00 p.m., Eastern Time; Friday, from 8:00 a.m. to 9:00 p.m., Eastern Time; and Saturday, 9:00 a.m. to 4:30 p.m., Eastern Time. When you call for a quote, you'll be able to make a better comparison if you have copies of your current policies handy.

Policy Discounts

Some of the policy discounts available from the METPAY program are for:

- drivers with superior driving records,
- multiple cars covered on the same policy,
- cars and homes with anti-theft devices installed,
- cars with safety devices (anti-lock brakes, air bags, etc.) installed,
- car insurance, if you are a student with good grades,
- resident students,
- new homes,
- mature homeowners, and
- multiple policies taken out by the same person.

The METPAY program determines policy discounts based on individual circumstances and qualifications. For example, these may include your driving record plus the availability of certain programs in the state where you live.

This is a partial list. Discounts other than these may be available.

What's Covered

The coverage available through the METPAY program varies by state. Call METPAY to find out the coverage available to you. The program offers the following personal property coverages:

- Auto
- Boatowner's
- Condominium
- Dwelling Fire
- Homeowner's
- Landlord's Rental Dwelling
- Mobile Home
- Personal Excess Liability
- Recreational Vehicle
- Renter's

Changing Your Coverage

You can change your coverage by calling METPAY. When you call, a METPAY representative will assist you in making changes over the phone. However, some coverages can be changed only with your written consent. In such cases, a representative will send you the appropriate forms to complete.

If you leave the corporation, you can continue your coverage if you continue contributions. METPAY will contact you and explain how to submit payments.

When Coverage Ends

Your METPAY coverage ends on the earliest of the following dates:

- The day you stop making the necessary contributions toward the cost of coverage
- The day METPAY discontinues the program

If you are paying your contributions for METPAY coverage through payroll deductions and your pay stops—for example, if you end your employment with the corporation or if you begin an unpaid leave of absence—you have the option to continue your coverage by paying premiums to METPAY directly. METPAY will contact you to find out if you want to continue your coverage and, if so, arrange for you to send your premiums directly to MetLife Auto & Home. Depending on where you live, the group discount may no longer be available after you leave the corporation.

Filing a Claim

To file a claim or make changes to your coverage, call METPAY at 1-800-438-6381. The claims reporting service is available to help you 24 hours a day, 7 days a week.

Tuition Refund Program

The McGraw-Hill Companies can provide you with financial assistance to pursue your educational interests and goals through the Tuition Refund Program. The program can reimburse you up to $5,000, tax-free, per calendar year, of unsubsidized tuition costs and applicable registration fees for approved courses.

Scholarship Program

The McGraw-Hill Companies sponsors a Scholarship Program which provides competitive educational scholarship opportunities to children of employees of the corporation. For more information, contact The McGraw-Hill Companies Community Partners Staff at 1-212-512-6113.

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For Additional Information

If you have any questions regarding The McGraw-Hill Companies' Tuition Refund Program, contact the Human Resources Service Center (HRSC) toll-free at 1-888-HRSC (1-888-843-4772).

How the Program Works

The McGraw-Hill Companies encourages employees to pursue educational interests and goals by providing financial assistance through its Tuition Refund Program. Employees can take individual courses in business and professional areas or can pursue a degree. However, the course or degree program must be directly related to the employee's current job to qualify for reimbursement. You are responsible for paying for the cost up front, but the program can reimburse you later, provided that you complete the course satisfactorily and provide the necessary information with your application for reimbursement.

To be eligible for reimbursement, the courses you take must be offered by accredited institutions and must meet certain other requirements. See "Eligible Courses" for the list of eligibility requirements.

You must receive a grade of C or better to be reimbursed for the cost of the course. If you receive a lower grade or an incomplete or withdrawal grade, you cannot be reimbursed for the cost of the course.

Once your application has been processed and approved for payment, your reimbursement will be included in your regular paycheck.

Your Reimbursement Amount

The Tuition Refund Program can pay up to $5,000 in reimbursements per calendar year.

Reimbursements, and the $5,000 annual maximum, apply to the year in which your approved course starts, regardless when your application for reimbursement is received. For example, as shown in the chart below, if you take a course that starts September 2004 and ends in December 2004 and you submit your application for reimbursement in January 2005, your reimbursement will count towards your 2004 maximum.

If your course begins in 2004 and ends...	And you submit your application...	Your reimbursement counts towards your maximum for...
December 2004	January 2005	2004
May 2005	June 2005	2004

You must submit documentation for completed units or lessons every six months, for the duration of the program.

Home Study and Correspondence Courses

For home study programs and correspondence courses, the amount reimbursed will be based on the total cost of tuition plus registration fees for the entire program, prorated based on the number of lessons satisfactorily completed each term.

Your Eligibility

You are eligible to participate in the Tuition Refund Program if you are:

- an active full-time or an active part-time employee, and
- regularly scheduled to work 20 or more hours per week.

Eligible Courses

Determine Eligibility in Advance

You may submit your application for course approval prior to registration if you want to know in advance whether or not the course is eligible for reimbursement.

Since IRS guidelines affecting graduate programs may change from year to year, you should submit pre-registration applications for these courses to ensure course eligibility.

The Tuition Refund Program is for courses to develop skills that help you do your job.

Each course you are reimbursed for must meet all of the following eligibility requirements.

- Each course must start after you begin your employment with The McGraw-Hill Companies.
  - If you are a newly hired employee, you are eligible for tuition reimbursement only for those courses you start after you begin your employment with The McGraw-Hill Companies. Reimbursement will be made for approved courses only after you have completed at least five months of service with the corporation, regardless of when the course was completed.
  - You must complete all approved courses while employed with The McGraw-Hill Companies in order to be eligible for reimbursement. If your employment with the corporation ends through no fault of your own, you will be reimbursed only for approved courses begun before your termination date.
- The course must improve your competence as an employee with The McGraw-Hill Companies in your current job.
- The course must be job-related.

- Courses are considered job-related if they either:
  - maintain or improve the skills required for you to perform your current job, or
  - meet the express requirement of your manager that is imposed as a condition of continued employment in your current job.
- All courses required for an undergraduate degree (including elective courses) will generally be considered job-related as long as both you and your manager have determined that the degree is job-related.
- All courses required for a graduate degree (including elective courses), certificate/diploma program or independent courses must be directly related to your current job to qualify for tuition reimbursement.

- The course must be offered by an accredited college, university or other institution and be given during a school term or on a semester basis. A term is defined as a period of at least 20 days and 15 classroom hours. For the purpose of the Tuition Refund Program, "term," "semester," "trimester" and "quarter" are synonymous.
- The course must allow the student to earn college credit regardless of whether it is applied towards a degree or certificate program.

Continuing Professional Education (CPE) courses and courses offered online are both eligible for reimbursement, provided that they meet the eligibility requirements outlined above.

Tuition Refund Applications are reviewed on a course-by-course basis, so you must submit a separate reimbursement application for each course. Degree and diploma/certificate programs cannot be pre-approved or processed as a whole.

Home Study Programs

[illegible] home study program [illegible] reimbursement [illegible]

[illegible] accredited list issued by the Commission of the National Home Study Council, and [illegible]

[illegible] offers a standard academic grading system so that successful completion of course requirements can be readily evaluated by the company. [illegible]

If your school is not well known, you may be asked to submit a copy of the school's catalog [illegible] with your Tuition Refund Application. Applications should be approved in advance of enrollment to ensure program eligibility.

Courses That Are Not Eligible

The following types of expenses generally do not qualify for reimbursement through the Tuition Refund Program:

- Courses given by an individual tutor, working independently
- Specific training and development courses to improve your skills on the job. Generally, if your manager requests that you take such a course, the cost of that course is paid in full from your department's budget
- Short-term seminars, such as seminars that do not run the length of a full academic term or semester
- Courses required to retain a professional license (CPA, CMA, etc.)
- Executive MBA Programs
- Non-credited labs/courses

- Independent study
- Thesis programs
- Courses taken for physical fitness, intellectual recreation, "life experience" for credit, human potential or cultural courses (including but not limited to art, music and languages)
- Courses for, but not limited to, medical, legal, counseling, nursing, real estate, tax and/or engineering, unless they are clearly related to your current job
- The costs of tests and courses to prepare for medical, legal, counseling, nursing, real estate, tax and/or engineering tests (GMAT, CFA, CPA, etc.), unless the tests and courses are clearly related to your current job

If any course content is questionable, the corporation reserves the right to ask you or your manager to submit a written statement explaining the direct connection between your current job and the course.

If you are unsure about your course or school eligibility, before you register you should submit a completed Tuition Refund Application form to the Human Resource Service Center (HRSC) for pre-approval on a semester-by-semester basis. The HRSC requires at least one week for pre-approval and will not give pre-approval authorization over the telephone.

Eligible Expenses

The Tuition Refund Program will provide reimbursement for your unsubsidized tuition costs and applicable registration fees only. You are responsible for paying the remainder of your fees and other education expenses.

For example, if one year you wish to take four classes totaling $1,200 and you have a $500 scholarship for that year, the Tuition Refund Program will reimburse you for your tuition and fee expenses above the scholarship amount.

Annual Tuition and Fees	*minus*	Annual Scholarship Amount	*equals*	Refund Amount
$1,200	–	$500	=	$700

Ineligible Expenses

The following expenses are not eligible for reimbursement:

- Books and equipment costs (including computer use fees, laboratory fees and/or library fees)
- Service and/or processing fees
- Parking/transportation fees
- General fees
- College/university fees
- Late registration fees and other additional fees payable at registration (other than tuition and registration)

Receiving Your Reimbursement

You must do the following to receive your reimbursement:

- Obtain a Tuition Refund Application through The McGraw-Hill Companies Intranet by clicking on *Human Resources Guide* listed under the "Benefits" heading. Then click on "Employee Development" and select "Tuition Reimbursement." Click on "Tuition Refund Application" and print the form.

- Complete your application as described in the introduction to the application. Your application for reimbursement cannot be processed until all necessary information is received by the HRSC. A request for additional information may cause a delay in processing your reimbursement.
- Send your completed application to the HRSC for processing.

You must submit your application (or acknowledgment copy in the case of pre-approvals) within 60 days of completing the course. Applications received later than 60 days after you complete the course will not be accepted or considered unless you have notified the HRSC of your circumstance. If you have an outstanding circumstance that prevents you from submitting your application within this time frame, you must notify the HRSC within 60 days of course completion.

Submitting Your Application

When completing your application, you must include the following supplemental information:

- Documentation verifying successful completion of the course. This can be an official school grade report or transcript (or legible photocopy) or a signed letter from the course instructor, advisor or registrar on official school stationery.
- An itemized receipt (showing complete breakdown of charges) of full payment of tuition costs and registration fees or copies of home study contracts. Acceptable forms of receipt include:
  - an official itemized statement from the Bursars' office marked "Paid" or showing a zero balance due,
  - credit card statements, and
  - legible copies of canceled checks.

  Unpaid invoices, check copies without official payment itemization and deferred payment agreements are not acceptable.
- For a graduate degree, a certificate/diploma program, or an independent course, you must also submit a course description and a copy of your job description.

Send the completed application, signed by both you and your immediate manager, to:

Human Resources Service Center
148 Princeton Road, South-1
Hightstown, NJ 08520

You must send your original form—facsimiles or photocopies are not acceptable. You should keep a copy of your completed form for your records.

How Reimbursements Are Paid

Allow at least three weeks for processing of your tuition reimbursement.

Your reimbursement will be included in your regular paycheck. If it cannot be included in your regular paycheck because of the timing of the pay cycles, the Payroll department will issue you a separate reimbursement check.

Taxes on Reimbursements

Tuition reimbursements are tax-free. This means that no taxes are deducted from the total amount, nor will the reimbursement amount appear on your W-2 statement.

State and local taxes may differ from federal taxes. You may want to consult a tax advisor for more information on your individual circumstances.

Severance Benefits

If you are terminated and your termination is considered an "involuntary termination" as defined in this chapter, the Separation Pay Plan of The McGraw-Hill Companies, Inc., can help ease your financial strain while you look for another job.

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Terms to Know

The following are some key terms you should be familiar with as you read about your severance benefits. It is important to note that these terms have special definitions when used with your benefits.

Comparable Position

When determining whether two positions are comparable, the plan administrator takes into account:

- Job requirements
- Duties
- Base pay of the two positions
- Any other relevant factors

The corporation does not necessarily take into account:

- Aggregate levels of benefits
- Titles
- Cash bonus opportunities

Continuous Service—Severance Benefits

For purposes of the Separation Pay Plan, continuous service is the period of time that begins when you first become employed by the corporation (your original date of hire) and ends on your termination date (or, if earlier, the date you begin receiving benefits under the Separation Pay Plan).

Elimination of Position

A position is considered to be eliminated when the corporation finds it necessary to change the responsibilities of a position or to replace one position with another position that requires different responsibilities.

Involuntary Termination

Termination is considered involuntary if it is a result of:

- a reduction-in-force,
- your job being relocated or eliminated,
- your job being outsourced,
- your temporary layoff being converted to a permanent layoff, or
- any other circumstances designated in writing by the plan administrator.

Outsourcing

The corporation may decide to transfer certain services or goods provided or produced by employees to an outside source.

Reduction-in-Force

From time to time, the corporation may find it necessary to reduce the size of its workforce. In determining which employees are retained during a reduction-in-force, managers try to examine existing openings and fill them with qualified employees best suited for the positions.

Relocation of Position

At present, the IRS defines relocation as adding at least 50 miles to an employee's normal one-way commute. This definition is subject to change, at the discretion of the IRS.

Substitute Position

A substitute position is not comparable in title, duties, or responsibilities to a current position, but it affords a comparable level of base pay. The corporation does not have to take into account aggregate levels of benefits and cash bonus opportunities in assessing whether a position qualifies as a substitute position. A substitute position may require different skills than those used in the current position.

How the Plan Works

The Separation Pay Plan is designed to help ease your financial situation while you look for another job after being involuntarily terminated from The McGraw Hill Companies. Whenever possible, you will be notified when your employment is to be terminated for any reason that could qualify you for separation pay benefits.

If you are eligible for Separation Pay Plan benefits, your benefit will be calculated based on your pay and your years of service with the corporation. You will be given the option to receive your benefit either as a lump sum or in installments, provided you sign and return a termination agreement and general release. If you do not sign and return the agreement, your benefit will be paid to you in a lump sum.

Eligibility

To receive Separation Pay Plan benefits, you must:

- be a regular employee employed in the United States in accordance with *The McGraw-Hill Companies Human Resources Guide*,
- have your employment terminated as a result of an involuntary termination, including a reduction-in-force, your job being relocated or eliminated, your job being outsourced, your temporary layoff being converted to a permanent layoff, or any other circumstances designated in writing by the plan administrator, and
- continue to perform your job duties until your termination date, unless the plan administrator decides otherwise.

You are eligible for separation pay benefits as of the first day you are a regular employee with the corporation—as long as you meet the eligibility requirements outlined above. There is no service requirement.

Who Is Not Eligible

You are not eligible for Separation Pay Plan benefits if you are:

- covered by a collective bargaining agreement or by an agreement or other plan that provides for severance, termination, or similar-type payments,
- employed by a division of the corporation that is excluded from, or that does not participate in, the Separation Pay Plan, or
- classified as a contract worker, project status worker, project worker, independent contractor, consultant, special worker, freelance worker, on-call employee, or a temporary employee.

You also are not eligible for separation benefits under any of the following situations:

- You are offered a comparable or substitute position, as defined in "Terms to Know," that is a local position, as defined below.
- You remain employed by the corporation or one of its subsidiaries.
- In the case of a change of ownership or control of the corporation (that is, the sale or other divestiture of any subsidiary, business unit, or division of the corporation or any of its subsidiaries), you are:
  - offered a comparable or substitute local position by the corporation or any of its subsidiaries (or any successor thereto), or by the purchaser of the subsidiary, business unit, or division, whether or not you accept such offer, or
  - employed by the corporation, any of its subsidiaries (or any successor thereto), or by the purchaser of the divested subsidiary, business unit, or division.
- In the case of outsourcing, you are employed or offered a comparable or substitute local position by the company that subsequently performs the outsourced activities.
- You resign for any reason, including retirement.
- You fail to return from vacation or a leave of absence, or are otherwise absent from work without approval.
- You die or cannot work as a result of a disability.
- You are terminated as a result of misconduct or poor performance.
- You are terminated as a result of an expired or terminated agreement providing employment for a fixed period.

Other Severance Arrangements

The Separation Pay Plan described here does not apply to executives who are part of the management or executive separation plans, or employees who [illegible] special severance pay policies through employment agreements.

- You begin a temporary layoff or approved leave.
- You are transferred to a division of the corporation or one of its subsidiaries that is excluded from, or does not participate in, the Separation Pay Plan.
- You are dismissed under the close personal relationship policy of the corporation (see *The McGraw-Hill Companies Human Resources Guide*).
- You are terminated and offered another position by the corporation.

Under these circumstances, your termination is not considered to be involuntary.

For More Information

If you have questions about your eligibility for separation pay, contact the plan administrator. See "Plan Administrator" under "Plan Basics" in *Rules and Regulations*.

Comparable or Substitute Position

The plan administrator determines whether a position is a comparable or substitute position. In making this determination, the plan administrator considers several things, such as the job requirements, duties, and base pay of both positions. The plan administrator does not necessarily take into account aggregate levels of benefits, cash bonus opportunities, or titles.

A position can be a comparable or substitute position even if it is not an exact match. For instance, a position may not require the same duties and responsibilities as your current position, but it may offer a similar base pay and may be consistent with your experience, education, or skills.

Local Position

In determining whether a position is "local," the plan administrator uses several factors, such as the Internal Revenue Service standards for relocation. Generally, a position is considered local if it adds fewer than 50 miles to your current normal one-way commute. (This distance is subject to change.)

Benefit Amounts

Basic Benefit

If you meet the eligibility requirements for separation pay benefits, your normal separation pay benefit is one week's base pay for each year of continuous service, up to a maximum of 26 weeks' base pay, prorated for each completed month of service. For example, if your base pay is $500 per week and you have 12 years and 6 months of continuous service, your normal separation pay benefit is $500 × 12.5, or $6,250.

Your minimum benefit is four weeks base pay. If you are at Job Level 20 or above, your minimum separation pay will be 12 weeks base pay.

Enhanced Separation Pay Benefit

Signing and returning a termination agreement and release approved by the plan administrator generally doubles your normal separation pay benefit.

For example, if your base pay is $500 per week and you have six years of continuous service, your normal separation pay benefit is $3,000 ($500 × 6). When you sign, your benefit is doubled: your additional separation pay will be $3,000, for a total of $6,000.

Maximum Benefit

Even if you are eligible for the enhanced separation pay benefit described above, your maximum separation pay benefit will not be more than 52 weeks of base pay.

Week of Pay

For the purposes of the Separation Pay Plan, a week of pay equals the regular weekly base pay you are receiving immediately before you are notified of your involuntary termination—or, if you do not receive notice, the date of your termination. A week of pay generally does not include bonuses, short- and long-term incentive compensation, commissions, benefits, equity-based compensation, overtime, shift differentials or similar payments, and payments of deferred compensation.

Contingent compensation (such as bonuses and commissions) is taken into account in calculating your weekly pay only if the terms of a written plan or agreement expressly require it. In this case, the amount of contingent compensation included generally is determined by dividing the amount of contingent compensation paid during the 12 months preceding your termination date by 52 to arrive at a weekly amount.

In cases where a commission-paid sales employee is involuntarily terminated before completing one year of continuous service with the corporation, the corporation will average the employee's weekly commissions when calculating his or her week of pay.

Continuous Service

For purposes of the Separation Pay Plan, continuous service is the period of time that begins when you first become employed by the corporation (your original date of hire) and ends on your termination date (or, if earlier, the date you begin receiving benefits under the Separation Pay Plan).

Your continuous service will be adjusted in accordance with the terms of the Separation Pay Plan if you are rehired by the corporation or if you take a leave of absence.

Continuous service is not broken if you:

- transfer within the corporation,
- transfer between the parent corporation and subsidiary companies, or you
- are away from work because of mandatory military service.

Continuous service continues to accumulate for up to six months if you are on an approved leave of absence (including mandatory jury duty), as long as you return to active status after completing the leave.

Restoring Service

In determining your continuous service, the corporation may give you credit for some breaks in service. For instance, if you resign from employment under certain circumstances, you may receive credit for past service upon your rehire as long as the break in service is less than your prior service but not more than two years. These circumstances include your resignation for family responsibilities, the relocation of your spouse or domestic partner, or some other reason that the corporation accepts as a hardship.

For example, assume that after five years of service, you resign to care for an invalid parent. After one year, you are rehired. You will receive full credit for the previous five years of service. Your continuous service date is adjusted to reflect those five years of service but does not reflect the period of time that you did not work for the corporation (in this case, one year).

If You Are Rehired

If you are rehired while receiving separation pay installments...

- Then payments stop as of the date you resume employment. You may keep the separation pay you have received up to that time.

If you received separation pay in a lump sum and are rehired before the separation pay period expires...

- Then you must return the separation pay and any additional separation pay for all but the period during which you were away.

For example, if you received eight weeks of separation pay in a lump sum and are rehired after three weeks, you would be required to return five weeks of separation pay.

You must repay the entire amount that you are required to pay on your first day of re-employment, or agree to repay the amount under the terms of a repayment schedule approved by the plan administrator.

If you received pay in place of notice and are subsequently rehired at any time...

- You are not required to return any pay in place of notice that you may have received, regardless of the date you resume employment.

If you are rehired at any time after your separation pay period expires, you may keep all your separation pay (including any additional separation pay), regardless of how payment was made.

Effects on Service

If you are rehired during the separation pay period, you immediately resume active status, and the time you were away is not considered a break in service. However, the separation pay period will not count as a period of continuous service (that is, the separation pay period will not be included when calculating your years of continuous service with the corporation).

If you are rehired after the separation pay period ends, your continuous service will be measured from the date of your reemployment.

Notice of Termination

Whenever possible, you will be notified when your employment is to be terminated for any reason that could qualify you for separation pay benefits. Any notice you receive is inclusive of, and not in addition to, any notice required by law.

In some cases where confidentiality, conflict of interest, or other business concerns apply, the corporation may ask you not to report to work or conduct business for, or on behalf of, the corporation after you are notified of your termination.

You may not report to work, conduct business, or act on behalf of the corporation after the date of your termination.

Notice Schedule

Generally, you are given notice as follows:

- 3 weeks, if you have fewer than 5 years of continuous service
- 4 weeks, if you have at least 5 but fewer than 10 years of continuous service
- 6 weeks, if you have 10 or more years of continuous service

The notice period—three weeks, four weeks, or six weeks—begins on the day you are notified of your termination and ends on the termination date specified in the notice. Notice ordinarily is not extended. However, business needs may require extending it to ensure an orderly transition.

If you are involuntarily terminated while out on a short-term disability leave...

Your termination date will be the later of:

- the date on which your physician certifies that you are no longer disabled and are fit to return to active employment, or
- the date on which your maximum short-term disability period (i.e., six months) expires regardless of the date you receive notice of termination.

If You Do Not Receive Notice

If the plan administrator decides that advance notice is not practical, is not in the best interests of the corporation, or is unwarranted in light of the circumstances, in place of notice you will receive a lump-sum payment. The payment will be equal to one week of pay for each week of advance notice that you would otherwise have received. This payment is in addition to any other payment you are eligible for under the Separation Pay Plan.

Payment in place of notice is paid as soon as practicable following your termination date and is calculated as of the first day of the separation pay period.

Calculating Pay in Place of Notice

Suppose that your base pay is $500 per week and that you have 12½ years of continuous service. During a reduction-in-force, your position is eliminated and you are not offered a comparable or substitute local position. Although your continuous service would normally make you eligible for six weeks of notice, you receive only four weeks of notice.

In place of the two weeks of notice that you did not receive, you would receive a lump-sum payment of $1,000 ($500 per week × 2 weeks).

Notice Period Conduct

To receive separation pay, additional separation pay, pay in place of notice, and other benefits under the Separation Pay Plan, you must continue to work through the notice period, unless the plan administrator decides otherwise. If you voluntarily resign or if you do not perform your job duties and responsibilities to the satisfaction of the corporation during the notice period, you will not receive benefits under the Separation Pay Plan, unless the plan administrator decides otherwise.

Separation Pay Period

Your separation pay period equals the number of weeks of base pay that you are eligible for under the terms of the Separation Pay Plan, based on your continuous service with the corporation. For example, if you have six years of continuous service, your normal separation pay benefit is six weeks of base pay—one week of base pay for each year of continuous service, up to a maximum of 26 weeks' base pay. This means that your normal separation pay period would be six weeks. (For a discussion of how you may be able to double your normal separation pay benefit and thus your normal separation pay period, see "Enhanced Separation Pay Benefit" in "Benefit Amounts.")

This separation pay period applies regardless of how your benefits are paid—whether in a lump sum or in installments.

How Benefits Are Paid

If you do not sign and return a termination agreement and general release...

- your benefit is paid as a lump-sum payment on or shortly after your final date of employment.

If you do sign and return a termination agreement and general release...

- you have the option to receive your benefit in one of two ways:
  - as a lump sum on or near your final date of employment
  - in installments

If you elect installments, they will be paid to you semi-monthly, in accordance with the corporation's regularly scheduled payroll practice. Payments will be made in substantially equal amounts for as long as you are eligible to receive them.

Once you submit your decision to receive installment payments, you cannot change it.

Calculating Your Installment Payments

Suppose that Steve signs and returns a termination agreement and release and elects to receive his separation pay in installments. His base pay is $500 per week and he has six years of continuous service.

Steve would receive a total of $6,000 in separation pay (normal separation pay of $500 x 6 or $3,000, plus additional separation pay of $3,000 because he signed the agreement and release), paid in equal installments over 12 weeks (double the 6 weeks his 6 years of service make him eligible for, because of the signed agreement and release).

If You Die

If you die during the separation pay period, any remaining separation pay that you are eligible for is paid to your designated beneficiary in a lump sum. If you do not have a designated beneficiary, any remaining separation pay for which you are eligible will be paid to your estate. Your service with the corporation is credited to the day you die.

If you die while receiving installment payments and you would have been eligible for retiree medical and dental coverage at the time of your death, your covered dependents are eligible to continue coverage under the provisions of the retiree medical and dental plans. Your death does not accelerate your eligibility for retiree coverage, however. If you were not eligible for retiree medical and dental coverage at the time of your death, your covered dependents are not eligible.

Continuing Benefits Coverage

Under the federal law known as COBRA, the Consolidated Omnibus Budget Reconciliation Act of 1985, you and/or your eligible dependents may be able to continue certain healthcare coverage (such as medical, dental, and vision) you receive through the corporation when that coverage would otherwise end. If you choose to continue coverage through COBRA, it is at your expense and for a specified period of time.

For information on the terms and conditions of COBRA, see *COBRA Health Coverage*.

If You Elect Installments

If you choose to receive your separation pay in installments, your benefit coverage continues while you receive your payments (that is, during the separation pay period), as shown in the chart below. This period of extended coverage is in addition to the extension period allowed under COBRA, and will not reduce your eligibility for COBRA coverage when your coverage during the separation pay period ends.

For information on when your coverage and/or participation will end once your final installment is paid (that is, once your separation pay period ends), see the individual plan descriptions.

The following are postponed until your final installment is paid:

- The start of the period during which you are eligible for COBRA benefits
- Distribution of your 401(k) savings plan (SIP) and your profit sharing plan (ERAP) account balances
- The start of the period during which you must exercise any stock options you have been awarded

If You Elect Installments: Plan-by-Plan	
Medical, Dental, and Vision Coverage	▪ You may continue to participate in these plans if you are already enrolled. ▪ Continued coverage is provided at the active employee rates, and the cost is deducted from your separation pay installments. ▪ You continue to earn eligibility service for post-retirement medical coverage.
Healthcare and Dependent Care FSAs	▪ For the remainder of the year in which your severance begins: – You may continue to participate in these plans if you are already enrolled. – Your contribution amounts remain the same, and they are deducted from your separation pay installments on a pre-tax basis.
Disability Coverage	▪ You may not continue to participate in any disability pay plans.
Employee Life and Accident Insurance	▪ Your Basic Life Insurance continues. ▪ You may continue to participate in the supplementary employee life insurance plan if you are already enrolled. Continued coverage is provided at the active employee rates, and the cost is deducted from your separation pay installments. ▪ You may continue to participate in the employee accidental death and dismemberment plan if you are already enrolled. Continued coverage is provided at the active employee rates, and the cost is deducted from your separation pay installments. ▪ You may not continue to participate in the travel accident insurance plan.
Dependent Life and Accident Insurance	▪ You may continue to participate in these plans if you are already enrolled. ▪ Continued coverage is provided at the active employee rates, and the cost is deducted from your separation pay installments.
Property/Casualty Insurance	▪ You may continue to participate in METPAY if you are already enrolled. ▪ The cost for continued coverage is deducted from your separation pay installments.
Long-Term Care Insurance	▪ You may continue to participate in the long-term care plan if you are already enrolled. Continued coverage is provided at the active employee rates, and the cost is deducted from your separation pay installments.

If You Elect Installments: Plan-by-Plan	
Retirement Program ▪ Pension Plan ▪ Profit Sharing Plan ▪ 401(k) Savings Plan	▪ You continue to earn vesting service under the retirement program plans (the pension plan, the profit sharing plan, and the 401(k) savings plan) in which you participate. ▪ You may not receive employer or make employee contributions to any retirement plan based on any amounts paid under the Separation Pay Plan. ▪ You may not earn service for determining retirement plan benefit accruals or contributions. ▪ You cannot receive a distribution of your 401(k) savings plan or your profit-sharing plan account balances until after the end of your separation pay period.
Miscellaneous Benefits	▪ You may not earn additional vacation. ▪ You may not expand your benefits or enroll for coverage during the annual enrollment period. However, you may make other benefit changes in the case of a qualifying life event. ▪ You may not become eligible for any other benefit plans for which you were not already eligible as of your termination date. ▪ You may not earn service for any purpose with respect to the Separation Pay Plan. ▪ You may not participate in other employee programs, such as tuition refund and matching gift programs.

Unused Vacation

If your employment is involuntarily terminated, you are eligible to be paid for any unused vacation. If you are scheduled to receive payment for unused vacation, you will receive this payment at the beginning of the separation pay period. Vacation pay will be calculated as of the first day of the separation pay period.

Some states, such as California, require an additional vacation payment often called "accrued vacation." If you are an employee in one of these states whose employment is involuntarily terminated, the corporation will comply with the applicable law. For more information, see *The McGraw-Hill Companies Human Resources Guide.*

Filing a Claim

If you do not receive the Separation Pay Plan benefits for which you believe you are eligible, you may file a written claim with the plan administrator identified under "Other Plan Details" in *Rules and Regulations.*

If Your Claim Is Denied

If you think your claim for benefits is wrongly denied, you can appeal the denial. See "Claims Review Process" in *Rules and Regulations*, for information on how to file an appeal.

Rules and Regulations

The federal law known as the Employee Retirement Income Security Act of 1974 (ERISA) governs certain employee benefit plans, including some of the plans described in this handbook. This section discusses your legal rights under ERISA, as well as some important administrative information.

In This Section **See Page**

ERISA Coverage

Participating Businesses

The McGraw-Hill Companies, Inc. includes a number of different business units. The benefits available to you depend on the business unit that provides your benefits. As a result, if you transfer within the corporation to another business unit, your benefits may change.

There are two versions of the benefits handbook to cover the different benefits provided by different business units.

- A Standard & Poor's (S&P) version describes the benefits available to eligible Standard & Poor's employees who are represented by the Newspaper Guild of New York.
- A corporate version describes the benefits available to all other eligible employees of The McGraw-Hill Companies, Inc.

This handbook is the corporate version.

The plans described in this handbook are available to eligible employees of The McGraw-Hill Companies, Inc. For information about eligibility to participate in a particular plan, see the description of each plan.

In addition, employees of other companies within the corporation's family of companies may be covered by some or all of these plans. You may obtain a complete listing of all companies participating in any plan by writing to the plan administrator.

Individuals Not Eligible

Although many employees of The McGraw-Hill Companies, Inc. are eligible to participate in the corporation's benefit plans, some are not. Even if you otherwise meet the eligibility requirements for a corporation benefit plan, you cannot participate if you are:

- subject to a collective bargaining agreement, unless that agreement specifically permits employees subject to the agreement to participate in the applicable corporation benefit plan,
- employed by a business unit that does not participate in the applicable plan or program (see "Participating Businesses" for information on the corporation's different business units),
- an individual employed by an agency that provides employees to the corporation and who has been classified by the corporation as not eligible to participate,
- an individual classified by the corporation as an independent contractor,
- an individual engaged under an agreement that states that you are not eligible to participate in the applicable plan or program,
- an individual classified by the corporation as a project worker, contract worker or on-call employee,
- any other individual who provides services to the corporation but is not an active employee of the corporation, or
- in any other defined group of individuals that is not eligible, as determined by the corporation.

Third-Country Nationals

Third-country nationals who receive no U.S.-source income or non-U.S. employees working in the United States who continue to be covered by a retirement plan maintained by an affiliate are not eligible for the benefit plans and programs described in this handbook.

Plan Basics

Plan Sponsor

The plan sponsor and principal employer for all plans is:

The McGraw-Hill Companies, Inc.
1221 Avenue of the Americas
New York, NY 10020-1095
1-212-512-2000

Plan Administrator

The plan administrator has the authority to control and manage the operation and administration of each plan. The person or entity responsible for specific operational or administrative duties (such as processing claims) may not be the official "plan administrator."

The plan administrator for the retirement program plans—the Employee Retirement Plan (ERP), the Employee Retirement Account Plan (ERAP), and the Savings Incentive Plan (SIP)—and the employee welfare benefits is:

Senior Director, Benefits Plans Administration
The McGraw-Hill Companies, Inc.
148 Princeton-Hightstown Road
Hightstown, NJ 08520-1450
1-609-426-5000

The plan administrator for the Separation Pay Plan of The McGraw-Hill Companies, Inc., is:

Executive Vice President, Human Resources
The McGraw-Hill Companies, Inc.
1221 Avenue of the Americas
New York, NY 10020-1095
1-212-512-6544

The plan administrator or its designee has the right to construe the meaning of, to make interpretations, and to make factual determinations regarding the plans, their trust(s), this handbook, and any other related document with respect to operational issues concerning the plans, their trust(s), this handbook, and any other related document, and to grant or deny benefits. Subject to the claims review and appeal procedures described below (see "Claims Review and Appeals Procedures"), provided that the plan administrator (or its designee) is not acting in an arbitrary or capricious manner, such construction, interpretation, or factual determination will prevail over those of any employee, participant, beneficiary, employer, or any other claiming any right, interest, or benefit under the plans, their trust(s), this handbook, and any other related document. To the extent that a third-party administrator or insurer has been designated as a claims administrator, such claims administrator shall have full and final discretionary authority as set forth in this paragraph to determine claims and appeals. See "Other Plan Details" for more information.

Trustee

The Northern Trust Company is the trustee for the Employee Retirement Plan (ERP), the Employee Retirement Account Plan (ERAP), and the Savings Incentive Plan (SIP). You can reach the trustee at:

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60675

Legal Agent

The agent for service of legal process for all plans is:

General Counsel
The McGraw-Hill Companies, Inc.
1221 Avenue of the Americas
New York, NY 10020
1-212-512-2000

Legal process may also be served upon the trustee or the plan administrator.

Administrative Details

Plan Year

For all plans, the plan year runs from January 1 through December 31.

Employer and Plan Identification

The corporation's employer identification number is 13-1026995.

In addition to the employer identification number, an official name and number are assigned to all benefit plans subject to ERISA. The plans listed under "Other Plan Details" show the names, numbers, insurance companies or trustees, and sources of funding of the plans subject to ERISA.

About Your Privacy

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) imposes numerous requirements on employer health plans concerning the use and disclosure of individual health information. This information, known as protected health information, includes virtually all individually identifiable health information held by any health plan, including healthcare flexible spending accounts—whether received in writing, in an electronic medium, or as an oral communication.

The McGraw-Hill Companies, Inc. has implemented policies and practices to appropriately protect the privacy of your protected health information. Protected health information that you provide will be handled in accordance with The McGraw-Hill Companies, Inc. HIPAA Privacy Policy, which is summarized in the *HIPAA Notice of Privacy Practices*. To obtain a copy of this notice, contact the Human Resources Service Center (HRSC) toll-free at 1-888-THE-HRSC (1-888-843-4772).

Court Orders

In certain situations, courts may issue orders that benefits be provided for a certain individual or individuals, typically a family member of an employee. Examples of these court orders include:

- qualified medical child support orders, also known as QMCSOs, and
- qualified domestic relations orders, also known as QDROs.

If a QMCSO or a QDRO affects you, you should notify the HRSC so that the order can be handled properly. If the corporation receives a QMCSO or a QDRO affecting you, you will be notified. The corporation will comply with all valid QMCSOs and QDROs. You may receive, without charge, a copy of the procedures applicable to QMSCOs and QDROs.

Corporate Contributions to Other Benefit Plans

[illegible]

Other Plan Details

An official name and number are assigned to all benefit plans subject to ERISA. The list below provides the names, numbers, insurance companies or trustees, and sources of funding of the corporation's plans subject to ERISA. (The Salary Continuation and Accident and Sickness Plan (the STD Plan) and the Dependent Care Flexible Spending Account Plan are not ERISA plans.)

The description of the plan indicates whether the plan is insured or self-insured. For self-insured plans, The McGraw-Hill Companies, Inc. is liable for any benefits payable. However, the authority to determine claims and appeals has been delegated to a claims administrator for all welfare plans (other than severance plans), subject to ERISA. For insured plans, the plan insurer listed is liable for any benefits payable and is authorized to determine claims and appeals.

To learn more about the corporation's benefits plans or to arrange to see the official plan documents, call the HRSC.

You can contact the claim administrators who have been designated to determine claims and appeals at the addresses shown below:

Aetna Inc.
P.O. Box 14110
Lexington, KY 40512-4410
1-800-645-5475

INA Life Insurance Co. of North America
601 Chestnut Street
Philadelphia, PA 19192
1-800-732-1603

Liberty Life Assurance Company of Boston
175 Berkeley Street
Boston, MA 02117
1-800-713-7384

Medco Health Solutions, Inc.
100 Summit Avenue
Montvale, NJ 07645
1-800-807-5607

The Prudential Insurance Company of America
Prudential Plaza
Newark, NJ 07102
1-800-562-9874

UnitedHealthcare
Tampa Service Center
P.O. Box 740800
Atlanta, GA 30374
1-866-328-6575

Vision Service Plan
3333 Quality Drive
Rancho Cordova, CA 95670
1-800-VSP-7195

Effective January 1, 2003, all of the health plans (including the Healthcare Flexible Spending Account Plan) became component plans in The McGraw-Hill Companies, Inc. Group Health Plan (plan number 520), and the remaining welfare plans (disability, severance, life insurance, accidental death and dismemberment and travel accident insurance) became component plans in The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan (plan number 521)

Comprehensive Medical Expense Insurance Plan

This plan includes the UnitedHealthcare POS Plan, The McGraw-Hill Companies Medical Plan, and all other HMOs, and indemnity plans offered by the corporation. For information about a specific plan, see the plan summaries at *www.benefitsplanner.com*.

Plan Type—Some options are insured welfare benefit plans; others are self-insured.

Plan Number—520

Claim Administrator—See information in *Healthcare Option Summaries*

Source of Contributions—The McGraw-Hill Companies, Inc. and employees

Source of Funding –

- Insured plans—Plan insurer
- Self-insured plans—The McGraw-Hill Companies, Inc.

Group Health Plan for Retirees

This plan also includes the retiree medical plan, the Drug Supplement Plan, retiree vision coverage, and retiree dental coverage.

Plan Type—Self-insured welfare benefit plan

Plan Number—520

Claim Administrator—UnitedHealthcare and Medco Health Solutions (for the Drug Supplement Plan)

Source of Contributions—The McGraw-Hill Companies, Inc. and retirees

Source of Funding—The McGraw-Hill Companies, Inc.

Group Dental Insurance Plan

This plan includes the DMO Dental Plan and The McGraw-Hill Companies Dental Plan.

Plan Type –

- The DMO Dental Plan is an insured welfare benefit plan.
- The McGraw-Hill Companies Dental Plan is a self-insured welfare benefit plan.

Plan Number—520

Claim Administrator—Aetna Inc.

Source of Contributions—The McGraw-Hill Companies, Inc. and employees

Source of Funding –

- The DMO Dental Plan—Plan insurer
- The McGraw-Hill Companies Dental Plan—The McGraw-Hill Companies, Inc.

Vision Care Plan

Plan Type—Insured welfare benefit plan

Plan Number—520

Claim Administrator—Vision Service Plan

Source of Contributions—Employees

Source of Funding—Plan insurer

Group Flexible Spending Account Plan ("Healthcare Flexible Spending Account")

Plan Type—Welfare benefit plan

Plan Number—520

Claim Administrator—UnitedHealthcare

Source of Contributions—Employees

Long-Term Disability Plan ("long-term disability plan")

Plan Type—Insured welfare benefit plan (self-insured for claims incurred prior to October 1, 2003)

Plan Number—521

Insurer (for disabilities that begin after October 1, 2003) and Claim Administrator—Liberty Life Assurance Company of Boston

Source of Contributions—The McGraw-Hill Companies, Inc. and employees

Source of Funding—For disabilities that began before October 1, 2003, the source of funding is The McGraw-Hill Companies, Inc. For disabilities that began on or after October 1, 2003, the source of funding is Liberty Life Assurance Company of Boston.

Group Term Life Insurance Plan ("life insurance plan")

This plan includes employee basic and supplemental life insurance coverage.

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—The Prudential Insurance Co. of America

Source of Contributions—The McGraw-Hill Companies, Inc. and employees

Source of Funding—Plan insurer

Group Voluntary Spousal Life Insurance Plan ("spousal life insurance plan")

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—INA Life Insurance Co. of North America

Source of Contributions—Employees

Source of Funding—Plan insurer

Group Voluntary Dependent Life Insurance Plan ("children's life insurance plan")

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—INA Life Insurance Co. of North America

Source of Contributions—Employees

Source of Funding—Plan insurer

Group Voluntary Accidental Death and Dismemberment Plan ("accidental death and dismemberment plan")

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—INA Life Insurance Co. of North America

Source of Contributions—Employees

Source of Funding—Plan insurer

Group Voluntary Dependent Accidental Death and Dismemberment Plan ("dependent accidental death and dismemberment plan")

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—INA Life Insurance Co. of North America

Source of Contributions—Employees

Source of Funding—Plan insurer

Group Travel Accident Insurance Plan ("travel accident plan")

Plan Type—Insured welfare benefit plan

Plan Number—521

Plan Insurer—INA Life Insurance Co. of North America

Source of Contributions—The McGraw-Hill Companies, Inc.

Source of Funding—Plan insurer

The Savings Incentive Plan of The McGraw-Hill Companies and Its Subsidiaries ("SIP" or "the 401(k) Savings Plan")

Plan Type—Defined contribution plan

Plan Number—002

Trustee—The Northern Trust Company

Source of Contributions—The McGraw-Hill Companies, Inc. and Employees

The Employee Retirement Account Plan of The McGraw-Hill Companies and Its Subsidiaries ("ERAP" or the "Profit Sharing Plan")

Plan Type—Defined contribution plan

Plan Number—003

Trustee—The Northern Trust Company

Source of Contributions—The McGraw-Hill Companies, Inc.

The Employee Retirement Plan of The McGraw-Hill Companies and Its Subsidiaries ("ERP" or the "Pension Plan")

Plan Type—Defined benefit pension plan

Plan Number—001

Trustee—The Northern Trust Company

Source of Contributions—The McGraw-Hill Companies, Inc.

Separation Pay Plan of The McGraw-Hill Companies, Inc. ("Separation Pay Plan")

Plan Type—Self-insured welfare benefit plan

Plan Number—521

Claim Administrator—Plan administrator

Source of Contributions—The McGraw-Hill Companies, Inc.

Fiduciary Liability

The Employee Retirement Account Plan (ERAP) and the Savings Incentive Plan (SIP) are intended to constitute plans as described in section 404(c) of ERISA and title 29 of the Code of Federal Regulations section 2550.404c-1.

In these plans, participants and certain beneficiaries exercise control over the assets held in their individual accounts by directing the investment of such assets accounts among a variety of investment options. As a result, the Pension Investment Committee, the CEO Council, the plan administrator, every employer, and any other person who would otherwise be a fiduciary will not be considered to be a fiduciary with respect to such transactions and will not be liable for any loss, expense, or damage which results from such exercise of control.

Additional information about your investment options is available on request from HR Solutions @ccess. You can contact HR Solutions @ccess online through The McGraw-Hill Companies Intranet or on the Internet at *www2.benefitsweb.com/mgh.html*, or by phone at 1-800-358-3603.

Transactions may be subject to fees and expenses (commissions). Information about such fees is included in the prospectus describing each investment option.

You may also request the following information from the HRSC:

- A description of the annual operating expenses of each fund, including any investment management fees, administrative fees, and transaction costs
- Copies of any prospectuses, financial statements, reports, and any other materials relating to the funds, to the extent available
- A list of the assets held by a fund
- Information about the overall value of each investment fund, including past and current investment performance, and the value of your interest in each investment fund

Plan Confidentiality

The 401(k) Savings Plan and the Profit Sharing Plan have established procedures designed to ensure the confidentiality of your investment, voting, and tendering decisions concerning McGraw-Hill Companies stock. Your confidentiality is maintained by the following procedures:

- Investment elections are received and processed by the Mellon HR Solutions (the "Recordkeeper"). All information relating to your investments is held by the Recordkeeper in strict confidence.
- When you exercise your voting or tendering rights on McGraw-Hill common stock, Mellon Investor Services supervises and ensures confidentiality of your decisions.

Change or Discontinuance of Plans

The corporation intends to continue the employee benefits plans indefinitely. However, the corporation reserves the right to amend, modify, suspend, or terminate any plan, in whole or in part, subject to applicable legal and contractual agreements, at any time and for any reason. A decision to terminate, amend, or replace a plan may be due to changes in federal law or state laws governing qualified retirement or welfare benefits, the requirements of the Internal Revenue Service, ERISA, or any other reason.

If a plan is terminated, you will still be paid any benefit you were entitled to receive under the terms of that plan, up to the cancellation date. Special rules apply for the plans of the Retirement Program—see "Termination of Retirement Plans" for more information.

For some of the plans, if the corporation terminates the plan, you may be able to convert your coverage to an individual insurance policy. Please refer to the description of the specific plan for these privileges.

If the corporation terminates the flexible spending account plans, no further contributions will be made to employee accounts. However, you may continue to submit and be reimbursed for claims for eligible expenses through March 31 following the year in which the plan terminates.

Termination of Retirement Plans

In the event that a retirement plan is terminated, your benefit earned up to the date of termination will become fully vested.

Your Accrued Retirement Benefits Are Secure

Under no circumstances will the corporation receive any assets of the Employee Retirement Plan until all liabilities under the plan are paid in full. To the extent that the plan is funded at the time of the termination of the plan, the termination will not adversely affect the benefits accrued under the plan up to that time.

Employee Retirement Plan

If the Employee Retirement Plan (ERP) is terminated, benefits that are accrued and funded up to the date of termination are not forfeited. Subject to approval by the Pension Benefit Guaranty Corporation (PBGC) and in accordance with the rules established by the PBGC, funds held in trust will be allocated to plan participants in the following order of priority:

1. To participants (or, if deceased, to spouses or joint annuitants) receiving retirement benefits, a refund of any of the participants' accumulated contributions that have not already been paid in the form of a retirement benefit to participants, their spouses, and their joint annuitants.

2. To participants (including spouses and joint annuitants) receiving benefit payments for three years before the date of termination, or those participants who could have retired three years before the date of termination (limited to the amount guaranteed by the PBGC).
3. To participants not included in group 2 above (including spouses and joint annuitants), to active vested participants, and to terminated participants with vested benefits. For active participants, the benefit earned up to the termination date will be payable (limited to the amount guaranteed by the PBGC).
4. To participants in group 2 or 3 above whose benefits were excluded because their vested benefits were above the limit guaranteed by the PBGC.
5. To participants who were not vested on the date the plan was terminated.

Participants in the preceding groups 1 through 5 will receive allocations of the actuarial equivalent of the benefit they are eligible for based on plan provisions. If funds are not sufficient to pay all the benefits in any group, the benefits will be reduced pro rata, and there will be no allocation to any subsequent group. After the allocation is made in full to all groups, any assets remaining will be returned to the corporation. No assets will be used for, or diverted to, purposes other than for the exclusive benefit of participants, joint annuitants, and spouses before all liabilities to them are satisfied.

Subject to PBGC approval, the amount allocated to each person as previously described will be paid as

- a single lump-sum cash payment,
- the purchase of an annuity through an insurance company contract,
- the continuance of the trust fund and payment of the generated retirement income payments, or
- the transfer of all assets to the PBGC or to an appointed trustee.

If the plan is terminated with respect to one but not all participating employers, the allocation for the preceding groups 1 through 5 will be carried out separately for the assets of the trust fund attributable to the terminating employer and its participants, based on records maintained by the plan administrator and the plan actuary.

Employee Retirement Account Plan and Savings Incentive Plan

If the Employee Retirement Account Plan (ERAP) and the Savings Incentive Plan (SIP) continue but the plans and the trust agreement discontinue additional contributions, all necessary provisions of the plans (other than those related to contributions) remain in effect. In addition, the trust provisions remain in existence. The trustee and the plan administrator will hold, administer, and distribute all plan funds according to the terms of the plans and trust agreement.

If the plans are terminated completely, all funds credited to participants' accounts are non-forfeitable. Each participant is entitled to receive the amount credited to his or her account. At its discretion, the plan administrator may authorize payment of this amount in cash or in assets of the fund.

No part of the principal or income of the fund will be used for, or diverted to, purposes other than for the exclusive benefit of participants or their beneficiaries. The trust may continue for such time as may be necessary to accomplish this objective.

As these plans are defined contribution plans, benefits are related to the contributions credited to your account and the fund's investment performance. Benefits are not insured by the PBGC, which insures certain types of benefits under defined benefit plans.

Claims Review and Appeals Procedures

Claims Fiduciary

For some plans or options within a plan (such as the UnitedHealthcare POS Plan), the carrier is the claim administrator and has final responsibility and authority for responding to claims appeals.

The procedures for filing claims for benefits are summarized in the respective plan overviews.

The plan administrator has the authority to control and manage the operation and administration of the plans described in this brochure and is the agent for service of legal process. The person or entity responsible for specific operational or administrative duties (such as processing claims) may not be the official "plan administrator." For some plans or options within a plan (such as the UnitedHealthcare POS Plan), the carrier is the claim administrator, who has final responsibility and authority for responding to claims appeals.

For a list of the persons or entities responsible for processing claims for the plans offered by The McGraw-Hill Companies, Inc., see "Other Plan Details."

Claims Review Process

Each plan has a specific amount of time, by law, to evaluate and respond to claims for benefits covered by the Employee Retirement Income Security Act (ERISA) of 1974. The period of time the plan has to evaluate and respond to a claim begins on the date the claim is first filed.

If you have any questions regarding how to file or appeal a claim, contact the appropriate claim administrator listed in "Other Plan Details."

Initial Benefit Determination

The initial benefit determination is the first time the plan considers your claim for benefits and makes a decision on your claim.

Health Plans

For health claims, the plan recognizes four categories of claims, as explained below.

- **Urgent Care Claims**—Claims for which the application of non-urgent care time frames could seriously jeopardize the life or health of the patient or the ability of the patient to regain maximum function, or, in the judgment of a physician, would subject the patient to severe pain that cannot be adequately managed otherwise.

  For urgent care health claims, the claim administrator will notify you of the plan's determination, whether adverse or not, as soon as reasonably possible, taking into account medical exigencies but not later than 72 hours after receipt of the claim, unless you fail to provide sufficient information to determine whether, or to what extent, benefits are covered or payable under the plan. In the case of such a failure, the claim administrator will notify you as soon as possible, but not later than 24 hours after receipt of the claim by the plan, of the specific information necessary to complete the claim. Notification of the improper filing may be made orally, unless the claimant requests written notification. You will be afforded a reasonable amount of time, taking into account the circumstances, but not less than 48 hours, to provide the specified information. The claim administrator will notify you of the plan's benefit determination as soon as possible, but no later than 48 hours after the earlier of the plan's receipt of the specified information or the end of the period afforded you to provide the specified additional information.

- **Pre-service Claims**—Claims that must be decided before a patient will be afforded access to health care (e.g., preauthorization requests).

For pre-service health claims, the plan administrator will notify you of the claim administrator's determination not later than 15 days after receipt of the claim. This period may be extended by 15 days, provided the claim administrator determines that an extension is necessary due to matters beyond the control of the claim administrator and notifies you within the initial period of the circumstances requiring the extension and the date by which the claim administrator expects to render a decision. If such an extension is necessary due to your failure to submit the information necessary to decide the claim, the notice of extension will specifically describe the required information.

If the claim is improperly filed, the claim administrator will notify you as soon as possible, but not later than five (5) days after receipt of the claim by the plan, of the specific information necessary to complete the claim. Notification of the improper filing may be made orally unless the claimant requests written notification. You will be afforded at least 45 days from receipt of the notice within which to provide the specified information.

- **Post-service Claims**—Claims involving the payment or reimbursement of costs for medical care which has already been provided.

  For non-urgent post-service health claims, the plan has up to 30 days to evaluate and respond to claims for benefits covered by ERISA. The 30-day period begins on the date the claim is first filed. This period may be extended by 15 days provided the claim administrator or its delegate determines that an extension is necessary due to matters beyond the control of the plan and notifies you within the initial period of the circumstances requiring the extension and the date by which the plan expects to render a decision. In addition, the notice of extension must include the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. You will be afforded at least 45 days from receipt of the notice within which to provide the specified information.

- **Concurrent Care Claims**—Claims where the plan has previously approved a course of treatment over a period of time or for a specific number of treatments, and the plan later reduces or terminates coverage for those treatments.

  Concurrent care claims may fall under any of the other three categories, depending on when the appeal is made. However, the plan must give you sufficient advance notice to appeal the claim before a concurrent care decision takes effect.

Disability Plans

For disability claims, the plan has up to 45 days to evaluate and respond to claims for benefits covered by ERISA. The 45-day period begins on the date the claim is first filed.

This period may be extended twice, by 30 days for each extension, if the claim administrator:

- determines that an extension is necessary due to matters beyond the control of the claim administrator, and
- notifies you within the initial period (and within the first 30 day extension period, if applicable) of the circumstances requiring the extension and the date by which the claim administrator expects to make a decision.

In addition, the notice of extension must include the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. You will be given at least 45 days from receipt of the notice within which to provide the specified information.

Life and Accident Insurance Plans and the Separation Pay Plan

For life, accidental death and dismemberment (other than disability) and business travel accident insurance claims, as well as claims for benefits under the Separation Pay Plan, the plan has up to 90 days to evaluate and respond to claims for benefits covered by ERISA. The 90-day period begins on the date the claim is first filed. This period may be extended by 90 days if the claim administrator:

- determines that an extension is necessary due to matters beyond the control of the claim administrator, and
- notifies you within the initial period of the circumstances requiring the extension and the date by which the claim administrator expects to make a decision.

If you are not furnished notice within these time periods, you will be considered to have exhausted your administrative remedies and may pursue your legal remedies.

Retirement and Savings Plans

For claims for benefits under the Employee Retirement Plan, the Employee Retirement Account Plan or the Savings Incentive Plan, the plan administrator has up to 90 days to evaluate and respond to claims for benefits covered by ERISA. The 90-day period begins on the date the claim is first filed. This period may be extended to 180 days under special circumstances. You will be notified within the initial period of the circumstances requiring the extension and the date by which the claim administrator expects to make a decision.

Healthcare Flexible Spending Account

For claims for benefits from the Healthcare Flexible Spending Account, the plan has up to 30 days to evaluate and respond to claims for benefits covered by ERISA. The 30-day period begins on the date the claim is first filed. This period may be extended by 15 days provided the claim administrator or its delegate:

- determines that an extension is necessary due to matters beyond the control of the plan, and
- notifies you within the initial period of the circumstances requiring the extension and the date by which the plan expects to render a decision.

In addition, the notice of extension must include the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. You will be given at least 45 days from receipt of the notice within which to provide the specified information.

Adverse Benefit Determination (applicable to all claims)

An "adverse benefit determination" is a denial, reduction or termination of a benefit, or failure to provide or pay for (in whole or in part) a benefit. This can also include a denial of participation in the plan. For health coverage, an adverse benefit determination also means a claim denial on the grounds that the treatment is experimental or investigational or not medically necessary. This also includes concurrent care determinations.

In the event of an adverse benefit determination, the claimant will receive notice of the determination. The notice will include:

- the specific reasons for the adverse determination;
- the specific plan provisions on which the determination is based;
- a request for any additional information needed to reconsider the claim and the reason this information is needed;
- a description of the plan's review procedures and the time limits applicable to such procedures;

- a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review;
- for disability and health claims, if any internal rules, guidelines, protocols or similar criteria was used as a basis for the adverse determination, either the specific rule, guideline, protocols or other similar criteria or a statement that a copy of such information will be made available free of charge upon request;
- for disability and health claims, for adverse determinations based on medical necessity, experimental treatment or other similar exclusions or limits, an explanation of the scientific or clinical judgment used in the decision, or a statement that an explanation will be provided free of charge upon request; and
- for health claims, for adverse determinations involving urgent care, a description of the expedited review process for such claims. (This notice can be provided orally within the timeframe for the expedited process, as long as written notice is provided no later than 3 days after the oral notice.)

Claims Appeal Process

If you receive notice of an adverse benefit determination and you disagree with the decision, you are entitled to apply for a full and fair review of the claim and the adverse benefit determination.

- You (or an authorized representative) can appeal and request a claim review within 60 days after receiving the denial notice for life, AD&D or business travel insurance claims or for separation pay benefits.
- For disability or health claims, you (or an authorized representative) can appeal and request a claim review within 180 days after receiving the denial notice.

The request must be made in writing and should be filed with the claims administrator (or, where there is no claims administrator, with the insurer) at the address shown for each plan under "Other Plan Details," except that appeals under the Separation Pay Plan of The McGraw-Hill Companies, Inc. should be filed with the CEO Council.

Appeals of claims for retirement benefits should be filed with the person who holds the position of Executive Vice President—Human Resources within 60 days of the date you receive the notice that your request for benefits has been denied. Generally, you will receive a response to your appeal within 60 days. If special circumstances require an extension of time to process your appeal, you will receive notice prior to the end of the original period that the time for rendering a final decision has been extended (but not beyond 120 days after your appeal is received).

The claims administrator will forward the appeal request to the appropriate named fiduciary for review. The review will be conducted by the claims administrator or other appropriate named fiduciary of the plan who is neither the individual who made the adverse benefit determination which is the subject of the review, nor the subordinate of such individual (including any physicians involved in making the decision on appeal if medical judgment is involved). When the denial determination is based in whole or in part on a medical judgment, the reviewer will consult with an appropriate health care professional. No deference will be afforded to the initial adverse benefit determination.

You will have the opportunity to submit written comments, documents, records, and other information relating to the claim and the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits. Whether a document, record or other information is relevant to the claim will be determined in accordance with the applicable Department of Labor (DOL) regulations. The review will take into account all comments, documents, records and other information submitted relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

Life and Accident Insurance and Disability Claims

The claim administrator will notify you of the plan's determination on review within a reasonable period of time, but not later than 60 days for life, AD&D (other than disability) and business travel claims and 45 days for disability claims, after receipt of the request for review, unless special circumstances, such as the need to hold a hearing, require an extension of time for processing the claim.

This period may be extended by 60 days for life, AD&D (other than disability) or business travel claims and 45 days for disability claims provided the claim administrator or its delegate determines that an extension is necessary due to matters beyond the control of the plan and notifies you within the initial period of the circumstances requiring the extension and the date by which the plan expects to render a decision.

Health Plan Claims

The claim administrator will notify you of the plan's determination on review within the following timeframes:

- For appeals of urgent health claims, as soon as possible considering the medical situation, but no later than 72 hours
- For appeals of pre-service claims, within a reasonable period of time given the medical situation, but no later than 15 days from the receipt of your request for appeal of a denied claim
- For appeals of post-service claims, within a reasonable period of time, but no later than 30 days after receipt of the request for appeal of a denied claim

In certain cases, the plan may obtain a limited extension of time if notice of the extension is provided to the claimant before the end of the initial decision making period.

If you are not satisfied with the first-level appeal decision of the claims administrator, you have the right to request a second-level appeal. Your second-level appeal must be submitted to the claim administrator within 60 days from the date you received the first-level appeal decision. You will receive a decision from the claim administrator on your second-level appeal within the following time frames:

- For second-level appeals of pre-service claims, within a reasonable period of time given the medical situation, but no later than 15 days from the receipt of your request for review of the first-level appeal decision.
- For second-level appeals of post-service claims, within a reasonable period of time, but no later than 30 days after receipt of the request for review of the first-level appeal decision.

The Claims Administrator's decisions are conclusive and binding.

Notices

For all ERISA claims, the claim administrator will provide you with written notification of the plan's determination on review. In the case of an adverse benefit determination, such notice will indicate:

- the specific reason for the adverse determination on review;
- reference to the specific provisions of the plan on which the determination is based;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits;
- a description of your right to bring a civil action under ERISA following an adverse determination on review;

- for health and disability claims, if any internal rules, guidelines, protocols or similar criteria was used as a basis for the adverse determination, either the specific rule, guideline, protocols or other similar criteria or a statement that a copy of such information will be made available free of charge upon request;
- for adverse determinations based on medical necessity, experimental treatment or other similar exclusions or limits, an explanation of the scientific or clinical judgment used in the decision, or a statement that an explanation will be provided free of charge upon request; and
- a description of your right to obtain additional information upon request about any voluntary appeals procedures under the plan.

The notice will also include the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your state insurance regulatory agency."

All decisions are final and binding unless determined to be arbitrary and capricious by a court of competent jurisdiction.

Judicial Review

You must timely pursue all of the claim and appeal rights described above before you may seek any other legal recourse regarding claims for benefits. You may not bring any action at law or in equity to recover benefits unless and until the appeal rights described above have been exercised and the benefits requested in such appeal have been denied in whole or in part (or there is any other adverse benefit determination). If you wish to seek judicial review of any adverse benefit determination, you must file a civil action under Section 502(a) of ERISA within one year after the date on which all administrative remedies are exhausted, that is by the later of the date on which an adverse determination on review is issued or the last day on which a final decision should have been issued, or you will be forever prohibited from commencing such action.

Your Rights Under ERISA

As a participant in The McGraw-Hill Companies, Inc. plans, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA) with regard to the plans subject to ERISA. ERISA provides that all plan participants shall be entitled to:

- examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor. (These documents are available at the Human Resources Service Center, or at your own work location upon written request to the Senior Director, Benefit Plans Administration.)
- obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. (The administrator may charge you a reasonable fee for the copies.)
- receive a summary of the plan's annual financial report. (The plan administrator is required by law to furnish each participant with a copy of this summary annual report.)

- obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Employee Retirement Plan now. (If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. You must request this in writing, and the plan is not required to provide such a statement more often than once every 12 months. The plan must provide the statement free of charge.)
- continue healthcare coverage for yourself or your family members if there is a loss of coverage under the applicable plan as a result of a qualifying event. (You or your family members may have to pay for such coverage. Review the summary plan descriptions for the applicable plans and the documents governing the applicable plan on the rules governing your COBRA continuation coverage rights.)
- obtain a reduction or elimination of exclusionary periods of coverage for pre-existing conditions under your group health plan, if you have creditable coverage from another plan. (Your group health plan or health insurance issuer should provide you with a certificate of creditable coverage, free of charge, when you lose coverage under a group health plan, when you become entitled to elect COBRA continuation coverage, or when your COBRA continuation coverage ceases, if you request the certificate before losing coverage or up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a pre-existing condition exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.)

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the plans, called "fiduciaries" of each plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a plan benefit or exercising your rights under ERISA. If your claim for a plan benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial and have a right to obtain without charge copies of documents relating to the decision. You also have the right to have the applicable plan review and reconsider your claim, as described under "Claims Review and Appeals Procedures."

Under ERISA, you can take steps to enforce these rights. For instance, if you request materials from a particular plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

You may also file suit in a state or federal court if you have a claim for benefits that is denied or ignored, in whole or in part, or if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order. In addition, you may seek assistance from the U.S. Department of Labor or file suit in a federal court if you believe that plan fiduciaries have misused the plan's money or that you have been discriminated against for asserting your rights.

The court will decide who should pay court costs and legal fees. If your suit is successful, the court may order the person you have sued to pay these costs and fees. However, if your suit is unsuccessful—because, for example, the court finds your claim frivolous—the court may order you to pay these costs and fees on your own.

If you have any questions about any of the plans, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration (EBSA) (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory or the:

Division of Technical Assistance and Inquiries
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue N.W., Room 5N625
Washington, DC 20210
1-202-219-8776

You can also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA at 1-866-275-7922 or online at the EBSA Web site, *www.dol.gov/ebsa*.

An ERISA plan does not give you the right to be retained as an employee. This handbook is not a contract for or a guarantee of present or continued employment.

For More Information

There are many resources to help you find the information needed to make the most of your benefit plans and programs. In addition to this handbook, your primary resources include:

- *www.benefitsplanner.com* – This site features tips on choosing and using your benefits effectively, includes forms to use when claiming benefits or changing your coverage, and contains an online copy of this handbook as well as the Healthcare Option Summaries and links to the detailed information provided by certain medical plans.
- HR Solutions @ccess at *www2.benefitsweb.com/mgh.html.*
- The McGraw-Hill Companies Intranet, particularly Employee Self-Service. At Employee Self-Service, you can enroll as a newly hired employee, make changes in your benefits when allowed because of a qualifying life event, review your current benefits, name and change beneficiaries, and update your personal information such as your home address.
- Plan-specific sites listed in the table below.

The HRSC

If you still can't find the answer you need after consulting the other resources, representatives at the Human Resources Service Center (HRSC) can help you with most of your benefit needs. You can call the HRSC toll free at 1-888-THE-HRSC (1-888-843-4772).

For information about 401(k) savings and profit sharing benefits, call HR Solutions @ccess at 1-800-358-3603.

Medical Coverage	
POS plan coverage	
▪ The United Healthcare POS Plan	1-866-328-6575 *www.provider.uhc.com/mcgrawhill*
HMO coverage	See your HMO ID card
Indemnity coverage	
▪ The McGraw-Hill Companies Medical Plan	1-866-328-6575
Dental Coverage	
▪ The DMO Dental Plan	1-800-645-5475 or 1-800-THE-DMO1 *www.aetna.com/provider/dentist_providers.html**
▪ The McGraw-Hill Companies Dental Plan	1-800-645-5475

Vision Coverage	
▪ Vision Service Plan (VSP)	1-800-VSP-7195 *www.vsp.com**, also via e-mail, at member@vsp.com
COBRA Coverage	1-888-THE-HRSC (1-888-843-4772)
Flexible Spending Account	1-866-328-6575
Disability Coverage	1-800-713-7384
Life and Accident Insurance for Employees, Spouses, and Children	1-888-THE-HRSC (1-888-843-4772)
Retirement Program	
▪ For general information about the plans, call	1-888-THE-HRSC (1-888-843-4772)
▪ For information about your participation in the 401(k) savings and profit sharing benefits,	
– Call HR Solutions @ccess at	1-800-358-3603
– Visit HR Solutions @ccess at	*www2.benefitsweb.com/mgh.html**
Employee Assistance Program (EAP)	
▪ ValueOptions	1-800-544-8320
Long-Term Care Insurance	
▪ John Hancock	1-800-435-3538 *mcgraw-hill.jhancock.com* (username: mcgraw-hill, password: mybenefit)
Auto, Homeowner's, Renter's Insurance	
▪ METPAY	1-800-438-6381

**You can also access this Web site through The McGraw-Hill Companies Intranet.*

The McGraw-Hill Companies

Human Resources Service Center
148 Princeton-Hightstown Road, S-1
Hightstown, NJ 08520-1450

1-888-THE-HRSC (1-888-843-4772)